

tol, be permanently placed in the National Statuary Hall; to the Committee on the Library.

By Mr. JONES: Joint resolution (H. J. Res. 529) authorizing the Secretary of Agriculture to make loans for crop production, and for other purposes; to the Committee on Agriculture.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. PERSON: A bill (H. R. 13912) granting an increase of pension to Mary Splane; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13913) granting a pension to Sarah K. Graham; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 13914) granting an increase of pension to Sarah J. Washburn; to the Committee on Invalid Pensions.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 13915) for the relief of Ellen Holleran; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9216. By Mr. EVANS of California: Petition of E. E. Stone and 24 others, urging the passage of the stop-alien representation amendment to the United States Constitution; to the Committee on Labor.

9217. By Mr. HARLAN: Petition of citizens of Oxford, Ohio, urging support of the stop-alien amendment to the United States Constitution to cut out aliens and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9218. Also, petition of Mrs. Clayton Miller, of Oxford, Ohio, urging support of the stop-alien amendment to the United States Constitution to cut out aliens and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9219. By Mr. SHREVE: Petitions signed by 17 residents of Crawford County and 26 residents of Erie County, Pa., favoring passage of the Sparks-Capper amendment to Constitution of the United States (H. J. Res. 356); to the Committee on the Judiciary.

9220. By Mr. TREADWAY: Petition of Rev. F. W. Hemenway and other citizens of Shelburne Falls, Mass., urging the adoption of an amendment to the Constitution to prevent alien representation in connection with future apportionments for congressional districts; to the Committee on the Judiciary.

### SENATE

TUESDAY, DECEMBER 27, 1932

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

Most Gracious Lord, whose mercy is over all Thy work, by whose knowledge the depths are broken up and the clouds drop down the dew; we yield Thee unfeigned thanks and praise for all the blessings of Thy merciful providence bestowed upon this Nation and people. And we humbly beseech Thee to give us a just sense of these Thy great mercies, such as may appear in our lives by an humble, holy, and obedient walking before Thee all our days to Thy honor and glory. Through Jesus Christ our Lord. Amen.

#### THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of Friday, December 23, 1932, when, on request of Mr. Fess and by unanimous consent, the further reading was dispensed with and the Journal was approved.

#### SUPPLEMENTAL ESTIMATES—LEGISLATIVE ESTABLISHMENT (S. DOC. NO. 157)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, trans-

mitting supplemental estimates of appropriations pertaining to the legislative establishment, United States Senate, for the fiscal year 1933 in the sum of \$2,080, and for the fiscal year 1934 in the sum of \$6,240, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

#### CORRECTION OF STATEMENT IN WILLIAM TYLER PAGE'S ARTICLE

Mr. NORRIS. Mr. President, I am informed by the Presiding Officer, leaders, and others that there is a gentleman's agreement that no business will be transacted to-day. In pursuance of that agreement and carrying it out, it would be perfectly proper, of course, to make a speech.

Mr. President, I rise for the purpose of correcting a historical statement appearing in the New York Times of December 18 last. It is in an article written by William Tyler Page. The title of it is "Five Big Scenes in the Capitol's Drama." One of those five scenes Mr. Page believes to be the fight in the House of Representatives which took place quite a number of years ago over the rules, the fight known then and still known as the fight against Cannonism. In describing that scene Mr. Page used the following language:

Champ Clark, Oscar Underwood, and Burleson, of Texas, all of them destined to future fame, led the coalition to shear Uncle Joe's parliamentary locks. NORRIS, of Nebraska, now Senator, was selected to open the campaign, and offered from the floor a resolution, later supplemented by a less cumbersome but equally effective one by Underwood, to oust the Speaker from the Rules Committee and to elect committee members instead of allowing the Speaker to appoint them.

Mr. President, Mr. Page has evidently forgotten some of the details of that historic controversy. Champ Clark, Oscar Underwood, and Mr. Burleson had nothing whatever to do with the resolution which was offered from the floor of the House on that occasion and knew nothing of its existence; in fact, no one except the author of the resolution knew that it had been carried for a long time awaiting an opportunity when the parliamentary situation would make it in order to offer it.

Mr. Page says that—

NORRIS, of Nebraska, was selected to open the campaign.

That statement is absolutely without any foundation whatever. Mr. Page is entirely wrong about it. No such selection was made by anyone.

The natural conclusion from the language I have read is that Mr. Underwood offered a substitute resolution. There is no foundation for that statement. He did no such thing. There was a substitute resolution offered near the close of the fight when we were about ready to vote, but it was a resolution which had been agreed upon in conference and was offered on the floor of the House by the author of the original resolution.

Mr. President, it seemed to me that this much ought to be stated now, so that those who read the history of those days may not get an erroneous idea of what actually occurred at that time.

#### ADJOURNMENT TO FRIDAY

Mr. McNARY. Mr. President, I move that the Senate adjourn until Friday next at 12 o'clock noon.

The motion was agreed to; and (at 12 o'clock and 5 minutes p. m.) the Senate adjourned until Friday, December 30, 1932, at 12 o'clock meridian.

### HOUSE OF REPRESENTATIVES

TUESDAY, DECEMBER 27, 1932

The House met at 12 o'clock noon.

The Rev. Allan F. Poore, pastor of the Waugh Methodist Episcopal Church, Washington, D. C., offered the following prayer:

Through Thy tender mercy, our Father, the day sprung from on high hath visited us to give light to them that sit in darkness and in the shadow of death, to guide our feet into the way of peace.

We thank Thee that in Christ genuine progress toward the perfect race began. By Him nature has been revealed.

Through Him men have received their divine calling. For Him all things exist to be finally adjusted and harmonized.

Bless Thou our people everywhere; comfort with the solace of Heaven those who are bowed down. Touch the heart that is wounded and give a portion of sweetness to the life that has long been accustomed to the bitter cup.

Lighten the burden of the heavy laden; relight the lamp of those whose hope is dying.

"God grant us wisdom in these coming days;

And eyes unsealed, that we, clear-visioned, see

Of that new world that Thou wouldst have us build

To life's ennoblement and Thy high ministry.

"God give us sense—God sense of life's new needs—

And souls aflame with new-born chivalries,

To cope with those black growths that foul the ways,

To cleanse our poisoned founts with God-born energies."

We ask this in the name of the Father, the Son, and the Holy Ghost. Amen.

#### CORRECTION OF THE JOURNAL OF THURSDAY, DECEMBER 22

Mr. SNELL. Mr. Speaker, I ask unanimous consent to correct the Journal of Thursday, December 22, and also the permanent RECORD of that same day by inserting in the same a record of the proceedings on a roll call on the motion to recommit made by the gentleman from Illinois [Mr. DE PRIEST] in connection with the Interior Department appropriation bill.

The SPEAKER. The gentleman from New York asks unanimous consent that the Journal and the permanent RECORD of last Thursday's proceedings be corrected so as to include the roll call on the motion to recommit the Interior Department appropriation bill.

Mr. SNELL. And pending that I would like to make a brief statement. I want to say that I have found an exact precedent, entirely on all fours with the situation which arose in the House last Thursday.

These proceedings took place under another distinguished Democratic Speaker, the Hon. Champ Clark, and the Hon. Claude Kitchin as majority leader, and show that we were correct in the position that we took on this side of the House last Friday. Therefore I think they ought to go in the RECORD at this time in order to clear up any situation of a like nature that may arise in the future.

This situation arose on February 3, 1919. The gentleman from Rhode Island, Mr. O'Shaunessy, made a motion to suspend the rules and pass a bill that had to do with the salaries of the Federal judges in Rhode Island. After the motion and some debate—I will read from the RECORD:

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken.

The SPEAKER. In the opinion of the Chair two-thirds—

Mr. WALSH. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Massachusetts makes the point that there is no quorum present, and evidently there is not. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll. The question is on suspending the rules and passing the bill.

The question was taken; and there were—yeas 113, nays 96, answered "present" 4, not voting 216.

Then the names of those voting "yea," those voting "nay," and those not voting appear in the RECORD.

Mr. KITCHIN. I move that the House do now adjourn.

The motion was agreed to and the House adjourned.

Now, that is exactly on all fours with the situation in the House last week. I may say also that the Journal is the same as the RECORD, except that the names of the absentees are not recorded in the Journal. I think, Mr. Speaker, it is proper that this request should be granted, and I understand that my request is acquiesced in by the majority leader.

Mr. RAINEY. Mr. Speaker, reserving the right to object, I think the Speaker's interpretation of the rule is absolutely correct. If the rule is not plain enough to carry out the suggestions of the Speaker, I think it ought to be made so. The rule may need some clarifying in the next Congress. I

see no objection to publishing these names. I hope there will be no objection to the request of the gentleman from New York.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. SNELL]?

There was no objection.

The SPEAKER. The Chair asks unanimous consent of the House that the Speaker be permitted to extend his remarks concerning this question. Is there objection?

There was no objection.

The SPEAKER. The Chair in ruling on this question on Friday last stated his views relative to the construction to be placed on the provisions of clause 4 of Rule XV. The Chair has since that time given additional thought to the question raised by the gentleman from Michigan [Mr. MAPES]. It seems to the Chair that the language embodied in the last sentence of clause 4 of Rule XV, to wit, "If the House adjourns, all proceedings under this section shall be vacated," should not be disregarded. The present occupant of the chair endeavored to ascertain what that language could mean with respect to the rule now under consideration. The Chair believes that without the language, "And if the House adjourns, all proceedings under this section shall be vacated," the vote would have been void if a quorum failed on the vote. So that if the purpose of the language was merely to void the vote it was unnecessary. The Chair can not conceive of superfluous language being placed in any rule, and the Chair in this instance certainly does not think the above-quoted language is superfluous. Now, if the Chair is correct so far in his interpretation of the rule, the Chair will pursue the subject further. If the language is not necessary in order to void the vote where a quorum fails, then it must mean that the record of the proceedings is vacated and made of no effect, and consequently has no place in the Journal. In that connection the Chair may state that it has been the uniform practice in the past not to include in the Journal the proceedings whereby certain action of the House has been vacated when the request to vacate occurs on the same day that the action sought to be vacated occurred. For instance, where the House passes a bill on a certain day and later on during the same day a Member requests that the proceedings whereby the bill has been engrossed, read a third time, and passed be vacated in order that an amendment may be placed in the bill, and such request is granted and the amendment is then adopted, the bill engrossed and read a third time and passed, the Journal does not show the proceedings whereby the original action was vacated, but merely shows that the bill was considered, amended, engrossed, read a third time, and passed. In other words, the Journal shows the final action and not the incidental things that occur in consummating that action. The Chair thinks that that is an analogous case and that the same reasoning should apply in the question that has arisen.

The Chair in making this statement does not want it interpreted as meaning that he is in sympathy with the legal construction he has placed on the rule. The present occupant of the chair has always been in favor of giving the widest publicity to all the proceedings of government. The Chair wants it distinctly understood that he has ruled only on the legal aspects of the question. The Chair is not in sympathy with any rule that tends to make secret any governmental proceedings, but the Chair can not permit the merits of a particular rule to influence him in the legal construction of it. The Chair makes this statement merely to explain the reasons governing the Chair in the making of his ruling on last Friday. The House by agreeing to the request of the gentleman from New York [Mr. SNELL] has indicated that its interpretation of the rule is such as to permit the publication of the proceedings in the Journal as well as the RECORD.

#### THE JOURNAL

The SPEAKER. Without objection, the Journal of the proceedings of Thursday, December 22, 1932, will be approved.

There was no objection.



The SPEAKER. The Clerk will read the Journal of Friday, December 23, 1932.

Mr. MAPES. Mr. Speaker, before that is done may I rise to a parliamentary inquiry?

The SPEAKER. Certainly. The gentleman will state it.

Mr. MAPES. In connection with the proceedings relating to the correction of Thursday's Journal. Inasmuch as the unanimous consent of the minority leader has been agreed to, the RECORD of last Thursday will be corrected accordingly, but in view of the statement of the majority leader, it seems to me that the situation is left in a somewhat indefinite condition so far as the interpretation of the rule is concerned, and what the duty of the Journal clerk may be in similar cases arising in the future. I think it would be interesting to have the decision of the Speaker in respect to that. Suppose the same situation should develop to-day, for instance.

The SPEAKER. The Chair would carry out the will of the House as expressed to-day in the proceedings.

Mr. MAPES. That is, that the full proceedings would be incorporated in the Journal?

The SPEAKER. Yes. If the same question arises again, the names will be included in the Journal and the RECORD.

Mr. MAPES. I thought it well to have that understood.

The SPEAKER. The Clerk will read the Journal of Friday, December 23, 1932.

The Journal of the proceedings of Friday, December 23, 1932, was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 527. Joint resolution extending the time for filing the report of the Joint Committee to Investigate the Operation of the Laws and Regulations relating to the Relief of Veterans.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 5160. An act to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes;

S. 5260. An act granting the consent of Congress to the Board of Supervisors of Marion County, Miss., to construct a bridge across Pearl River; and

S. 5261. An act granting the consent of Congress to the Board of Supervisors of Monroe County, Miss., to construct a bridge across Tombigbee River.

#### AGRICULTURAL APPROPRIATION BILL

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to file a supplemental report to accompany the bill H. R. 13872, the agricultural appropriation bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. TABER. Mr. Speaker, I reserve all points of order on the report.

#### INTERIOR DEPARTMENT APPROPRIATION BILL

The SPEAKER. The question is on the motion to recommend the bill H. R. 13710, making appropriations for the Department of the Interior for the fiscal year ending June 30, 1934, and for other purposes. Without objection, the Clerk will again report the motion to recommend.

There was no objection, and the Clerk read as follows:

Mr. DE PRIEST moves to recommit the bill (H. R. 13710) to the Committee on Appropriations with instructions to that committee to report the same back forthwith with the following amendment: On page 98, line 12, after the figures "\$220,000," add the following: "For construction and completion of a heat, light, and power plant at Howard University, \$460,000, to be immediately available."

The question was taken; and on a division (demanded by Mr. DE PRIEST) there were—ayes 79, noes 67.

Mr. HASTINGS. Mr. Speaker, I object to the vote and make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll.

The question was taken; and there were—ayes 138, noes 105, not voting 185, as follows:

[Roll No. 135]

YEAS—138

|                |                |                  |                |
|----------------|----------------|------------------|----------------|
| Adkins         | Dyer           | Ketcham          | Schafer        |
| Andresen       | Eaton, Colo.   | Kinzer           | Selvig         |
| Bachmann       | Englebright    | Kopp             | Simmons        |
| Bacon          | Evans, Calif.  | Kurtz            | Sinclair       |
| Barbour        | Evans, Mont.   | Kvale            | Smith, Idaho   |
| Beck           | Fiesinger      | LaGuardia        | Snell          |
| Biddle         | Finley         | Lambertson       | Snow           |
| Black          | Fitzpatrick    | Lamneck          | Sparks         |
| Bloom          | Frear          | Lankford, Va.    | Stalker        |
| Boehne         | Free           | Leavitt          | Stewart        |
| Boylan         | French         | Lindsay          | Strong, Kans.  |
| Britten        | Garber         | Loneragan        | Strong, Pa.    |
| Burtness       | Gavagan        | Loofbourow       | Stull          |
| Cable          | Goss           | Lovette          | Summers, Wash. |
| Campbell, Iowa | Granfield      | Luce             | Sutphin        |
| Carter, Calif. | Guyer          | McClintock, Ohio | Swing          |
| Carter, Wyo.   | Hadley         | McCormack        | Taber          |
| Cavichia       | Hall, N. Dak.  | Magrady          | Temple         |
| Chindblom      | Hancock, N. Y. | Manlove          | Timberlake     |
| Christgau      | Harlan         | Mapes            | Tinkham        |
| Clague         | Haugen         | Moore, Ohio      | Treadway       |
| Clancy         | Hawley         | Murphy           | Wason          |
| Clarke, N. Y.  | Hoch           | Nelson, Me.      | Watson         |
| Cochran, Pa.   | Hogg, W. Va.   | Nelson, Wis.     | Weeks          |
| Colton         | Holaday        | Nolan            | Welch          |
| Condon         | Hooper         | Parker, N. Y.    | White          |
| Crosser        | Hope           | Perkins          | Williamson     |
| Crowther       | Hopkins        | Person           | Wolcott        |
| Cullen         | James          | Pittenger        | Wolfenden      |
| Darrow         | Johnson, Ill.  | Polk             | Wolverton      |
| Davis, Pa.     | Kahn           | Prall            | Woodruff       |
| Delaney        | Keller         | Ramseyer         | Wyant          |
| De Priest      | Kelly, Pa.     | Ransley          | Yates          |
| Dickstein      | Kennedy, Md.   | Robinson         |                |
| Dowell         | Kennedy, N. Y. | Rogers, Mass.    |                |

NAYS—105

|               |                |                  |                |
|---------------|----------------|------------------|----------------|
| Allgood       | Disney         | Lanham           | Ramspeck       |
| Almon         | Doughton       | Lankford, Ga.    | Rayburn        |
| Bankhead      | Douglas, Ariz. | Lea              | Reilly         |
| Barton        | Doxey          | Lewis            | Romjue         |
| Boileau       | Ellzey         | Lozier           | Sanders, Tex.  |
| Bowman        | Fernandez      | McClintic, Okla. | Sandlin        |
| Briggs        | Fishburne      | McDuffie         | Shallenberger  |
| Brunner       | Gambrill       | McGugin          | Smith, Va.     |
| Buchanan      | Gasque         | McKeown          | Spence         |
| Bulwinkle     | Gilchrist      | McMillan         | Swank          |
| Burch         | Glover         | McReynolds       | Tarver         |
| Busby         | Green          | Milligan         | Taylor, Colo.  |
| Byrns         | Greenwood      | Mitchell         | Thomason       |
| Carden        | Gregory        | Montague         | Vinson, Ga.    |
| Castellow     | Haines         | Montet           | Vinson, Ky.    |
| Chavez        | Hare           | Morehead         | Weaver         |
| Clark, N. C.  | Hastings       | Norton, Nebr.    | West           |
| Cochran, Mo.  | Hill, Wash.    | O'Connor         | Whittington    |
| Cole, Md.     | Huddleston     | Oliver, Ala.     | Williams, Mo.  |
| Collier       | Jeffers        | Palmisano        | Williams, Tex. |
| Collins       | Johnson, Mo.   | Parker, Ga.      | Wilson         |
| Cooper, Tenn. | Johnson, Okla. | Parks            | Woodrum        |
| Cross         | Johnson, Tex.  | Parsons          | Wright         |
| Davis, Tenn.  | Jones          | Patterson        | Yon            |
| DeRouen       | Kemp           | Pou              |                |
| Dickinson     | Kniffin        | Ragon            |                |
| Dies          | Kunz           | Rainey           |                |

NOT VOTING—185

|                |                 |                |                  |
|----------------|-----------------|----------------|------------------|
| Abernethy      | Carley          | Eaton, N. J.   | Hogg, Ind.       |
| Aldrich        | Cartwright      | Erk            | Hollister        |
| Allen          | Cary            | Eslick         | Holmes           |
| Amile          | Celler          | Estep          | Hornor           |
| Andrew, Mass.  | Chapman         | Fish           | Horr             |
| Andrews, N. Y. | Chase           | Flannagan      | Houston, Del.    |
| Arentz         | Chipperfield    | Flood          | Howard           |
| Arnold         | Christopherson  | Foss           | Hull, Morton D.  |
| Auf der Heide  | Cole, Iowa      | Freeman        | Hull, William E. |
| Ayres          | Connery         | Fulbright      | Igoe             |
| Bacharach      | Connolly        | Fuller         | Jacobsen         |
| Baldridge      | Cooke           | Fulmer         | Jenkins          |
| Beam           | Cooper, Ohio    | Gibson         | Johnson, S. Dak. |
| Beedy          | Corning         | Gifford        | Johnson, Wash.   |
| Bland          | Cox             | Gilbert        | Kading           |
| Blanton        | Coyle           | Gillen         | Kelly, Ill.      |
| Bohn           | Crail           | Golder         | Kendall          |
| Boland         | Crowe           | Goldsborough   | Kerr             |
| Bolton         | Crump           | Goodwin        | Kleberg          |
| Brand, Ga.     | Culkin          | Griffin        | Knutson          |
| Brand, Ohio    | Curry           | Griswold       | Lambeth          |
| Browning       | Davenport       | Hall, Ill.     | Larrabee         |
| Brumm          | Dieterich       | Hall, Miss.    | Larsen           |
| Buckbee        | Dominick        | Hancock, N. C. | Lehbach          |
| Burdick        | Douglash, Mass. | Hardy          | Lichtenwalner    |
| Butler         | Doutrich        | Hart           | Ludlow           |
| Campbell, Pa.  | Drane           | Hartley        | McFadden         |
| Canfield       | Drewry          | Hess           | McLeod           |
| Cannon         | Driver          | Hill, Ala.     | McSwain          |

|               |                    |                 |               |
|---------------|--------------------|-----------------|---------------|
| Maas          | Overton            | Schuetz         | Swick         |
| Major         | Owen               | Seger           | Taylor, Tenn. |
| Maloney       | Partridge          | Seiberling      | Thatcher      |
| Mansfield     | Patman             | Shannon         | Thurston      |
| Martin, Mass. | Peavey             | Shott           | Tierney       |
| Martin, Oreg. | Pettengill         | Shreve          | Turpin        |
| May           | Pratt, Harcourt J. | Sirovich        | Underhill     |
| Mead          | Pratt, Ruth        | Smith, W. Va.   | Underwood     |
| Michener      | Purnell            | Somers, N. Y.   | Warren        |
| Millard       | Rankin             | Stafford        | Whitley       |
| Miller        | Reed, N. Y.        | Steagall        | Wigglesworth  |
| Mobley        | Reid, Ill.         | Stevenson       | Wingo         |
| Moore, Ky.    | Rich               | Stokes          | Withrow       |
| Mouser        | Rogers, N. H.      | Sullivan, N. Y. | Wood, Ga.     |
| Nelson, Mo.   | Rudd               | Sullivan, Pa.   | Wood, Ind.    |
| Niedringhaus  | Sabath             | Sumners, Tex.   |               |
| Norton, N. J. | Sanders, N. Y.     | Swanson         |               |
| Oliver, N. Y. | Schneider          | Sweeney         |               |

So the motion to recommit was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Buckbee (for) with Mr. Flannagan (against).  
 Mr. Allen (for) with Mr. Bland (against).  
 Mr. Cushman (for) with Mr. Lambeth (against).  
 Mr. Brumm (for) with Mr. Cartwright (against).  
 Mr. Andrews of New York (for) with Mr. Fuller (against).  
 Mr. Hollister (for) with Mr. Wood of Georgia (against).  
 Mr. Gibson (for) with Mr. Steagall (against).  
 Mr. Bolton (for) with Mr. Hill of Alabama (against).  
 Mr. Jenkins (for) with Mrs. Wingo (against).  
 Mr. Thatcher (for) with Mr. Mobley (against).  
 Mr. Celler (for) with Mr. Miller (against).  
 Mr. Goldsborough (for) with Mr. Browning (against).  
 Mr. Hess (for) with Mr. Gilbert (against).  
 Mr. Martin of Massachusetts (for) with Mr. Kleberg (against).  
 Mr. Niedringhaus (for) with Mr. Driver (against).  
 Mr. Shott (for) with Mr. Hancock of North Carolina (against).  
 Mr. Seger (for) with Mr. Patman (against).  
 Mr. Michener (for) with Mr. Cox (against).  
 Mr. Doutrich (for) with Mrs. Eslick (against).  
 Mr. Connolly (for) with Mr. Warren (against).  
 Mr. Bohn (for) with Mr. Rankin (against).  
 Mr. Rudd (for) with Mr. Larsen (against).  
 Mr. Carley (for) with Mr. Drane (against).  
 Mr. Griffin (for) with Mr. Brand of Georgia (against).  
 Mr. Sullivan (for) with Mr. Dominick (against).  
 Mr. Oliver of New York (for) with Mr. Flood (against).  
 Mr. Somers of New York (for) with Mr. Drewry (against).  
 Mrs. Norton (for) with Mr. Abernethy (against).  
 Mr. Auf der Heide (for) with Mr. Kerr (against).  
 Mr. Strovich (for) with Mr. Ayres (against).  
 Mr. Mead (for) with Mr. Blanton (against).  
 Mr. Connery (for) with Mr. McSwain (against).  
 Mr. Douglass of Massachusetts (for) with Mr. Hall of Mississippi (against).  
 Mr. Dieterich (for) with Mr. Fulmer (against).  
 Mr. Fish (for) with Mr. Arnold (against).  
 Mr. Cooper of Ohio (for) with Mr. Crowe (against).  
 Mr. Bacharach (for) with Mr. Jacobsen (against).  
 Mr. Swick (for) with Mr. Mansfield (against).  
 Mr. Sweeney (for) with Mr. Stevenson (against).  
 Mr. Hartley (for) with Mr. Moore of Kentucky (against).  
 Mr. Lehlbach (for) with Mr. Boland (against).  
 Mr. Pettengill (for) with Mr. Maloney (against).

Until further notice:

Mr. Cannon with Mr. Eaton of New Jersey.  
 Mr. Gillen with Mr. Gifford.  
 Mr. Howard with Mr. Horr.  
 Mr. Larrabee with Mr. Millard.  
 Mr. Smith of West Virginia with Mr. McLeod.  
 Mr. Nelson of Missouri with Mr. Reed of New York.  
 Mr. May with Mr. Shreve.  
 Mr. Tierney with Mr. Knutson.  
 Mr. Beam with Mr. Stokes.  
 Mr. Schuetz with Mr. Turpin.  
 Mr. Martin of Oregon with Mr. Wood of Indiana.  
 Mr. Kelly of Illinois with Mr. Taylor of Tennessee.  
 Mr. Lichtenwalner with Mr. Wigglesworth.  
 Mr. Griswold with Mr. Rich.  
 Mr. Hart with Mr. McFadden.  
 Mr. Ludlow with Mr. Reid of Illinois.  
 Mr. Major with Mr. Golder.  
 Mr. Overton with Mr. Erk.  
 Mr. Shannon with Mr. Hogg of Indiana.  
 Mr. Underwood with Mr. Johnson of Washington.  
 Mrs. Owen with Mr. Andrew of Massachusetts.  
 Mr. Rogers with Mr. Beedy.  
 Mr. Sabath with Mr. Aldrich.  
 Mr. Fulbright with Mr. Cooke.  
 Mr. Hornor with Mr. Estep.  
 Mr. Igoe with Mr. Foss.  
 Mr. Canfield with Mr. Kendall.  
 Mr. Crump with Mr. Pratt.  
 Mr. Chapman with Mr. Purnell.  
 Mr. Cary with Mr. Swanson.  
 Mr. Corning with Mr. Underhill.

Mr. DOXEY. Mr. Speaker, I desire to announce that my colleague, Mr. RANKIN, is unavoidably detained on account of illness. If present and voting, he would vote "no."

Mr. DOUGHTON. Mr. Speaker, my colleague, Mr. LAMBETH, is unavoidably absent on account of illness. If present, he would vote "no."

Mr. CROSSER. Mr. Speaker, I am requested to announce that the gentleman from Maryland, Mr. GOLDSBOROUGH, is unavoidably absent. If present, he would vote "aye."

Mr. McDUFFIE. Mr. Speaker, the gentleman from North Carolina, Mr. HANCOCK, has serious illness in his family. The lady from New Jersey, Mrs. NORTON, is likewise absent on account of illness. The gentleman from Alabama, Mr. HILL, has illness in his family; the gentleman from Texas, Mr. PATMAN, and the gentleman from Arkansas, Mr. MILLER, are both absent on account of illness in their families.

Mr. SNELL. Mr. Speaker, I am requested to announce for my colleague from New York, Mr. FISH, that he is out of town on account of death in his family, and if present he would vote "aye."

Mr. JOHNSON of Oklahoma. Mr. Speaker, I desire to announce that my colleague, Mr. CARTWRIGHT, is unavoidably absent. If present, he would vote "no."

The result of the vote was announced as above recorded.

The doors were opened.

Mr. TAYLOR of Colorado. Mr. Speaker, pursuant to the instructions of the House on the motion to recommit, I report back the bill (H. R. 13710) making appropriations for the Interior Department for the fiscal year ending June 30, 1934, and for other purposes, with an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

On page 98, line 12, after the figures "\$220,000," add the following: "For construction and completion of a heat, light, and power plant at Howard University, \$460,000, to be immediately available."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion by Mr. TAYLOR of Colorado, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### LEAVE OF ABSENCE

Mr. BOEHNE. Mr. Speaker, my colleague the gentleman from Indiana, Mr. CANFIELD, is at home in Indiana on account of illness. I ask unanimous consent that he be excused indefinitely on account of illness.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### DEPARTMENT OF AGRICULTURE APPROPRIATION BILL

Mr. BUCHANAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 13872) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1934, and for other purposes; and pending that motion, I desire to submit a unanimous-consent request.

Mr. GOSS. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state the point of order.

Mr. GOSS. Mr. Speaker, I make the point of order that the bill violates section 2a of rule 13. I will not press the point of order this morning, but a supplementary report has been filed which I have not had time to examine, and I wish to serve notice that in the future, if the Committee on Appropriations reports out these bills in violation of the rules I shall insist on the point of order.

The SPEAKER. The Chair is informed that the supplementary report was filed in order to take care of the point which the gentleman makes, and that the supplementary report does take care of that point.

Mr. GOSS. I withdraw the point of order.

Mr. BUCHANAN. Pending the motion, Mr. Speaker, I ask unanimous consent that general debate on the bill be limited to three hours, to be equally divided between the gentleman from Nebraska [Mr. SIMMONS] and myself.



The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 13872, the Department of Agriculture appropriation bill, with Mr. MONTAGUE in the chair.

The Clerk read the title of the bill.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BUCHANAN. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. PARKER].

Mr. PARKER of Georgia. Mr. Chairman, I wish, in the few minutes of time allotted to me, to voice my protest at the recent action of the Governor of the State of New Jersey in refusing to extradite, at the request of the Governor of the State of Georgia, an escaped convict from one of the prison camps in my State, who, according to information furnished by the press of the country, had committed the crimes of forgery in the State of New York, robbery in the State of Georgia, and bigamy in the State of Illinois. In my opinion, this judicial insult was an unprecedented and unwarranted affront to the sovereignty of a great State that will next year celebrate the two hundredth anniversary of its birth. The State of Georgia has been slandered by Governor Moore, of New Jersey.

In slandering my State, the Governor of New Jersey has offered a judicial insult to the State that was founded for the protection of America. In its earliest days the colony of Georgia separated the English-speaking people of the other American States north of it from the people of other races who were attempting to establish residence south of it. The inhabitants of the colony in those days were trained soldiers who had been organized as a buffer for the altruistic purpose of protecting others. How well they accomplished this task you already know. This is a matter of history.

It is with profound regret that I take note of the fact that at least one of those holding positions of trust and honor at the hands of the people of New Jersey appealed to the offending governor of her State to offer this insult to Georgia. I also note that her appeal was made in behalf of the mothers of America. I am wondering what the intent and the sources of her information are with respect to conditions that prevail in Georgia prison camps. I am also wondering if she has information that those of us who reside in Georgia do not possess.

The Governor of New Jersey has been quoted as saying: "Robert Elliott Burns will have a haven of refuge in the State of New Jersey as long as he remains a law-abiding citizen." My prediction is that he will reside in New Jersey for a long, long time before he commits felonious crimes that are more heinous and dastardly than those already accredited to him, namely, forgery, robbery, bigamy. If he should, at any time in the future, commit more serious crimes against society and leave in the State of New Jersey that same slimy trail that he has left in three of the other States, may God help the people of New Jersey—mothers included.

Mr. YON. Mr. Chairman, will the gentleman yield?

Mr. PARKER of Georgia. I yield.

Mr. YON. Does not the gentleman think he will have to join the racketeers pretty soon to do any worse than he has done in the past?

Mr. PARKER of Georgia. I certainly think so. [Applause.]

Mr. BUCHANAN. Mr. Chairman, I yield 15 minutes to the gentleman from the Philippine Islands [Mr. GUEVARA].

Mr. GUEVARA. Mr. Chairman, the happy solution of our mutual problems is in sight. When this event becomes a reality, it will be a new chapter in the glorious history of the United States. No nation has ever made such a gallant and unselfish record in the history of mankind. It should

be a source of satisfaction and pride to the American people to witness the success of their own undertakings. They will make possible the birth of a new nation in the Far East, and there is no doubt that it will be the broadcasting station of American ideals and principles.

Less fortunate peoples all over the world are now blessing America. She will voluntarily relinquish her sovereignty over 13,000,000 people and over a territory of 114,000 square miles which might be useful to her Asiatic trade and diplomatic position in world affairs. Loyal and faithful to her traditions and ideals, America refused to follow the path of the nations who in the past adopted the policy of forcible domination. Even though our present system of government as created by Congress could be oppressive, there was no oppression. Political liberties were and are guaranteed to the inhabitants. Freedom of speech, the right of petition, and the inviolability of homes are assured. America's market is open to the Philippines, and yet, heeding the wishes and longings of the Filipino people, she is about to decree their freedom as a nation. It is my expectation that experience will prove the wisdom of this policy. In passing, let me say that recognition of the right of self-determination is the surest way to friendly understanding. Political sovereignty not derived from the free will and consent of a people, no matter how benign and altruistic it may be, always breeds suspicion, unrest, and antagonism. It is human nature. The representatives of the American people, knowing this and acting under unselfish leadership, passed the bill which is soon to be reported by the conferees on the part of the House for its ratification, and I sincerely hope that the report of the conferees will be adopted as the Senate did a few days ago. No useful purpose can be served by the continuation of the present anomalous situation of the Philippines. America's interests in the Far East will be better served by settling definitely the Philippine question. The welfare of the Filipinos will be better promoted.

The time has come when a review of America's policy in the Philippines should be made, to prove to the world that altruism and not imperialism, humanitarianism and not self-aggrandizement, were the reasons for bringing the Philippines under the American flag.

The Filipino people have progressed in their education and culture to such an extent that they have reduced illiteracy to 36 per cent of their entire population. Education has ceased to be a privilege of the wealthy class and become to be the right and privilege of everyone. Now the Filipino people can claim that they are united by one language despite the existence of many dialects. The English language is spoken and understood in every nook and corner of the Philippines. English has substituted Spanish and the native dialects in social and business intercourse. Ten years ago, while I was still serving in the Philippine Senate and practicing law, I knew of many, many cases when, even in love affairs between people of the same region, English was used as the medium of communication and expression of their feelings, thoughts, and sentiments.

All this was done in less than 30 years of America's leadership in the Philippines. This accomplishment will forever endure in the hearts of this and future generations of Filipinos. Our younger generation who now almost control our population speak chiefly English, and they feel in their hearts that the English language is the best on earth.

The Filipino people have also progressed in sanitation, not only in the cities of Manila, Cebu, and Iloilo, where the greatest number of Americans and other foreigners have actually established their residence, but also in the small villages and towns, so that anyone can live there as safely as in any town in the United States.

Statistics for 1928, the most recent data available, show that there were 40 hospitals and 1,074 dispensaries at that time, with increase in sight, while it indicated that sanitation had reduced mortality to 17.3 per thousand. Infant mortality is almost negligible, and, consequently, in the last 30 years our population has increased from six to thirteen million. This accomplishment alone should be a source of admiration the world over.

Politically the progress accomplished by the Filipino people is the most remarkable. Almost 98 per cent of the offices of the government of the Philippines are held by Filipinos through civil service. Departmental secretaries, with the exception of the secretary of public instruction, are Filipinos, and so are all the heads of bureaus but one, the bureau of agriculture. With few exceptions, the judiciary is composed of Filipinos. The supreme court, which is the highest institution in the Philippine judiciary, is composed of five Filipinos and six Americans, notwithstanding the fact that they are all appointed by the President of the United States with the consent of the Senate. The Philippine judiciary has been, and still is, the recipient of much praise by distinguished American statesmen, especially the late William Howard Taft.

In commerce the Filipino people have made remarkable progress. Comparing the volume of business of Filipino capital managed by the Filipinos at present with that of 30 years ago, the United States is not mistaken in her belief that the Philippine Islands will be a prosperous and progressive nation in the future. As the economic development of any country is keeping pace with its political stability, there is no gainsaying the fact that with the uncertainty now prevailing, it has been arrested.

It is evident that the United States has furnished the Filipino people with all of the essentials for the building of their national edifice. Once the bill now reported by the conferees of the two Houses of the Congress is agreed upon, the glorious task of the United States should be considered ended and she can face the world and say that through her a new nation is about to be born.

There is no doubt that the American people will be closer to our hearts once we live our independent life. Our rivers and mountains, our lakes, bays, and seas—everything we possess—will be at the disposal of this nation in time of need. We will welcome American capital with open arms, and the doors of our homes will be open to Americans who may choose to come and establish their residence in our country. These are not mere words. I am positive I speak the minds and sentiments of the Filipino people.

Now that the unfortunate conditions in the islands are about to end and a new era, in complete harmony with American principles and traditions, is to be inaugurated, I am sure that confidence, friendship, and mutual understanding will be fully restored and cordially maintained as the foundation of our mutual daily relations.

It may happen that the Philippines will go through hardships and difficulties in her new life. However, we would rather face them at this time, when all nations of the world are confronted with similar situations. America has already given us the foundation of our future independent life, and now it is up to us to develop and to strengthen them in a way that we may be helpful to the United States as well as to ourselves.

We will struggle to live up to the responsibilities to be transferred to us, and we will glorify this generous action of the Congress of the United States. In our prayers for our own welfare we will not forget that we should also pray for your ever-increasing prosperity and power, for they have always been the instruments of justice and help to mankind.

It is true that some of the features of the bill have met with opposition from certain quarters. I wish to say, however, that no legislation is possible if the interested parties are not prepared to yield something. Let us remember that legislation everywhere is but the result of compromise. To be unyielding is equivalent to inaction. I am sure that no one cherishes the continuation of the unsettled political situation now prevailing in the Philippines.

To the Filipino people I wish to say that their representatives are not in possession of authority to write the bill that would best suit their interests and aspirations. Had we that authority there is no question that our duty would have been patriotically fulfilled. There is no reason why we will deliberately ignore the wishes of the people who elected us to represent them in this House. Their wishes are our wishes and their aspirations our aspirations.

However, in our struggle to reach the summit of our aspirations, we should not lose sight of the realities and the situation with which we are confronted. This is the case of the Filipino people.

Now, just a few more words. I wish to say that Members on both sides of the aisle of this House have always been kind and courteous to the Resident Commissioners of the Philippines to the United States. We have been accorded every opportunity, even in the midst of discussion of bills of importance to the American people, to voice the sentiments and aspirations of our constituents. Personally, and I know I interpret the sentiment of my colleague, Mr. OSIAS, we are very grateful to the Members of this House. To the Republican and Democratic leaders, we are equally indebted for the courtesy extended us. For the Speaker we have but admiration.

Now, Mr. Chairman, the doors of our homes are opened to you all, and we long for an opportunity to show you, one and all, the gratitude of the Filipino people. [Applause.]

Mr. EATON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. GUEVARA. I yield.

Mr. EATON of Colorado. What group of your people is it that so impudently states through the public press that they will not have this bill?

Mr. GUEVARA. There is no such group. There are some individuals in the Philippine Islands who have expressed opposition to this bill.

Mr. EATON of Colorado. Who are they? What group of people are they that gets the ear of representatives of the public press and has printed in the newspapers this impudent statement?

Mr. GUEVARA. There is no such group, as I said before, who oppose this bill. There are some individuals in the Philippine Islands, just as there are in the United States, who are opposed to some of the features of this bill.

Mr. EATON of Colorado. How is it they get the support of the public press?

Mr. GUEVARA. The responsible press in the Philippine Islands is not supporting them.

Mr. EATON of Colorado. Why was it printed in all the newspapers in the United States?

Mr. GUEVARA. I shall try to answer the gentleman's question. The public press in the Philippine Islands was opposed to this bill when there remained in it the clause excluding natives of the Philippine Islands from the United States. That exclusion clause has been modified by the committee on conference, so that instead of exclusion the natives of the Philippine Islands are placed on a quota basis, and this is acceptable to the Filipino people.

Mr. EATON of Colorado. Is it within your power, by cable or otherwise, to have this impudent statement withdrawn before the House acts upon this bill? Here is a copy of the newspaper item to which I have referred:

#### FILIPINOS DENOUNCE INDEPENDENCE BILL

MANILA, P. I., December 22.—Terms of the Hawes-Cutting Philippine independence bill were denounced as "unjust and insulting" by speakers at a mass meeting here Thursday attended by more than 5,000 people.

Speakers attacked immigration exclusion, sugar importation limitations during the transition period, and retention of naval bases by the United States.

Mr. GUEVARA. I will say to the gentleman from Colorado that I can not prevent individuals from going wrong. If anyone wants to oppose the bill or any of its provisions, I can not help it. He will understand that in the islands, as in the United States, it is not possible to have unanimity of opinion on any important bill or all its provisions. [Applause.]

Mr. BUCHANAN. Mr. Chairman, I yield 10 minutes to my colleague the gentleman from Texas [Mr. LANHAM].

Mr. LANHAM. Mr. Chairman, that the plight of the producers of our country is a very pitiful one is a matter of common knowledge and observation. The unfortunate condition in which they find themselves is not restricted to or characteristic of any one section. It pervades our whole land. Many producers are unable to pay their taxes. Many have outstanding obligations against their homes and farms



which they are unable to meet. Many are reduced to the utmost economy for mere subsistence. Many are lost in conjecture as to the source of their daily bread.

To us as legislators these are necessarily matters of grave concern. Our chief interest must be the welfare of the people. Agriculture is a basic industry. Upon its success, in the final analysis, the prosperity of all industry must largely depend. Many of our present economic woes find their origin in the unfortunate state of the producers of our land. Closed factories, unemployed workmen, vacant office buildings, heart-rending bread lines, and many kindred misfortunes have followed as a natural result of the deplorable plight of our producers. The sooner we realize this fact the sooner shall we have cooperative effort in finding and applying the real and proper remedies for our rehabilitation.

I fear we have devoted too much of our time to a treatment of symptoms and have neglected to give heed to the real causes back of our troubles. Certain agencies have been established in our Government, bearing the attractive label of agricultural relief, which have proved nothing more than temporary and artificial stimulation and, after large outlays, have left the sufferers even worse than they were before. Some of these agencies are predicated very largely upon the old and foolish doctrine of pulling one's self up by one's boot straps. The failure of these futile attempts should point the way to a better course of procedure, though there is still the disposition on the part of many to continue the mere treatment of symptoms.

There is one result of the depression which does seem to call imperatively for prompt and efficient action before we proceed to remove the causes which have brought it about. To remove these causes and restore our country to normal conditions will necessarily require some time, but the particular result of which I speak is in the nature of an emergency demanding immediate attention. I refer to the necessity of affording relief in the matter of refinancing the obligations on the mortgaged farms of our Nation. Several bills having this purpose in view are now pending before the Committee on Banking and Currency. It is to be hoped that out of the combined judgment of the members of that committee and those who will appear at the hearings some feasible plan of extending relief in this regard may soon be formed. If the producers are to lose their lands, then our further steps toward rehabilitation would avail them little or nothing.

To my way of thinking, there are one or two factors now operating against the producers of this country which the artificial means of stimulation that have been applied fail to reach. In my opinion, a prime cause of our distress is the present tariff policy. It has stopped the flow of international trade which formerly carried our surplus products to the markets of the world and thereby assured good prices at home for the remainder left for domestic consumption. Under the present régime practically all of our bountiful crops are left upon our hands with a domestic demand in no way commensurate with their volume. The recent elections may fairly be interpreted as a popular revolt against the policy that now obtains. Let us busy ourselves, therefore, with removing this cause of depression rather than with the uncertain matter of discovering further methods of expensive artificial stimulation.

I realize that the matter of tariff readjustment is necessarily linked somewhat with the possibility of stabilization of exchange. The economic conference to be held this year should prove most helpful in making possible decisions and conclusions upon which a restoration of normal international trade may be predicated. This is a matter vital to us and to the nations of the world, and the present stringent conditions prevailing everywhere should prove a spur to friendly cooperation and effective remedies. Normal conditions of trade are necessarily a requisite for normal conditions of prosperity.

Whenever this subject is discussed the question of the debts owed us by foreign countries naturally arises. In some sections of our land there seems to be much maudlin sympathy for the nations abroad which owe us money. It

is true that deplorable conditions exist over there as over here, but in a day when such circumstances are universal it occurs to me that it behooves us first to be mindful of our own and extend our sympathy and our aid principally to our own suffering people.

The debts owed us by foreign countries can not be canceled. Unfortunately, there has been too much of a disposition, especially on the part of European nations, to link and confuse the issue of reparations with that of these foreign debts. There is and can be no logical and rational connection between them. The question of reparations has to do with the European countries among themselves. We do not share in these reparations. The question of the debts owed us by foreign countries is peculiarly one between them and us.

Reparations have to do with indemnities in which we do not participate. The amount of the original reparation bill was three times that of the war debts owed to us. We have been most lenient in the matter of reducing these debts, and thereby the burden has necessarily been increased on the American taxpayer. The moratorium was another act of grace. Some contend now that we should make further reductions, others going to the extreme of arguing that these obligations should be canceled altogether. I sometimes think that in the financial line we are becoming international easy marks. With such distressful conditions existing in our own land, surely it is time to be thinking about our own people.

I have said that these foreign debts can not be canceled. Why? This is impossible because of the fact that this Government procured the money involved in these loans by the issuance of various series of bonds which are still outstanding. These obligations must be discharged either by the European countries which borrowed the money derived from them or by our own people who furnished the money in the first instance. The reduction in the amount of these loans has already increased the American burden; cancellation would thrust upon us the full double load of creditor and debtor, the load of both making the loans and paying the debts.

Besides, in my judgment, these loans should not be canceled. Why? Aside from the moral obligation upon the European countries to repay them, the economic situation does not make such repayment burdensome upon them. I think I am entirely correct in the statement that the annual payment due the United States by any of these debtor nations is not equal to 5 per cent of that nation's annual budget. In most instances the percentage is very much less. And it is worthy of note that the yearly expenditure of each of these countries for armaments is very vastly in excess of the installment we are entitled to receive. In a world burdened with past wars and clamoring for peace, preparation for future wars seems more important from the European viewpoint than paying for the last one. To meet these obligations might impress the lesson of the cost of armed conflict, if viewed merely from the financial angle, and insure a better predicate for the efforts for international peace.

Should the private international debts be canceled? The very expression of the thought would be answered with a prompt and vociferous and emphatic "no." Then why should the public international debts be canceled? They are obligations owed to all of our people.

Economists have impressed upon us the forceful truth that many of these nations are unable to pay us in gold, that under present conditions, with many of our vessels tied up at the docks, we have no need for their ships in the carriage of goods and the consequent opportunity such transportation would afford for repayment, and that the avenue of settlement must be largely that of trade. Many of our agricultural commodities are produced in such large quantities that a great percentage of them are surplus crops in so far as our own domestic needs are concerned. We must find foreign markets, therefore, in order for our trade to flourish.

Realizing the obligation to repay which every honest debtor must feel, these foreign debts in a sense should prove

a stimulus to trade, for a resumption of international trade would better enable the European nations to meet these loans and at the same time we should be furnished with an outlet for the large stored and surplus volume of our various commodities. I realize that there are difficulties in the way of a speedy resumption of such trade. There are barriers both of exchange and of tariff which must be leveled. The international conference to be held this year for the consideration of such matters should be a step toward the solution of these problems. The whole world has cause to hope that it will take us far in the way of such progress, for surely the restoration of normal conditions in agriculture and in industry must necessarily depend upon a return to normal international operations.

Most people and most political parties believe in some sort of tariff schedules. Doubtless some rates should be raised; certainly some should be lowered. The rates at any particular time must depend upon the conditions which prevail in various industries. Just at present the subject is peculiarly of economics rather than politics.

A few years ago the United States operated under the terms of the Fordney-McCumber Tariff Act. It imposed generally the highest rates we had had in the history of this country up to the time of its enactment. It has been superseded by the Smoot-Hawley Tariff Act, which took these rates to new and unprecedented altitudes. They came, unfortunately, at a time when the United States had become a creditor nation and international trade was imperative. The effects of this act have been to stop the flow of such trade. The barriers it placed about our borders were so high that foreign nations in retaliation raised similar barriers against our commodities, both raw materials and finished products.

What has been the result, first, with reference to agriculture? Our surplus products of the farm which went formerly to many foreign ports have been left on our hands. The supply has been very greatly in excess of the domestic demand. The natural consequence has been a sinking of commodity prices to new low levels. Various schemes have been proposed, and some of them tried, to raise commodity prices artificially in this country and relieve the farmers of the depressed condition of the markets, but such efforts necessarily have been attended with little success. As a consequence, agriculture has languished. To-day our chief concern should be in removing the cause of these troubles and not in merely seeking to find new treatments for the symptoms.

What has been the result with reference to industry? The finished products, as well as the raw materials, have been unable to jump the tariff barriers raised by foreign nations in retaliation for those which were built about our own country. But money and credit have an advantage over the commodity; they may go anywhere with but little restriction. The consequence has been that American manufacturers, unable by reason of these foreign walls to export their surplus products, have built mills and factories within those walls to escape the duties that they would impose and thus have an opportunity for successful competition. And thus it has come about that American capital, which should be building up this mighty Nation of ours and giving employment to our own citizens, is financing hundreds, if not thousands, of commercial establishments abroad and giving work to aliens across the seas, while our own people walk the streets asking in vain for something to do which will provide some means of support for themselves and their dependents.

The picture is not a pretty one but we must realize how accurate it is in this time of stress and strain. To brighten that picture is a task which to-day is challenging the brains and patriotism of the best thinkers. Surely in a multitude of counsel we shall find that wisdom which will lead us to undo some of the harmful things which have been done and to work our way back to those normal operations which alone can lead to our permanent prosperity.

Mr. SUMMERS of Washington. Mr. Chairman, I yield 25 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman and ladies and gentlemen of the committee, it is my desire at this time to make some remarks on the general economic situation, and to bring it down in its application to the actual contents of this bill, and to some of the things that are absolutely necessary, in my opinion, for this Congress to do if we are to consider the bill in relation to any kind of economic recovery.

You all know that the people of America are at this time tremendously burdened and oppressed by taxation. You all know that at this time we are short of balancing the Budget by approximately a billion dollars, and that it will be more than that by a long way before the 1st of July next.

There are two ways of balancing the Budget—one by the reduction of expenditures and the other by the increase of taxation.

It has become necessary all over the United States for States, counties, and municipalities to put on new and increased taxes to meet the requirements of their budgets. In my own State of New York there is a deficit of \$100,000,000 in this current year.

The only way that we can work out of this depression is to stop spending money. [Applause.] In my own opinion, no new construction whatever should be authorized except where it is necessary to complete such projects the Government has embarked upon or supplement that which is absolutely worthless without the additional expenditure.

And so I believe that we should not embark upon any project or any new expenditure of money unless it is absolutely forced and required at this time.

Now, this bill that has been brought before the House for its consideration carries approximately a cut of \$1,019,000 in the general allotted expenditures of the Agriculture Department below the Budget estimate. It carries a cut of \$4,800,000 on the Federal-aid highway item, and \$2,000,000 on the forests, roads, and trails.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. TABER. I yield.

Mr. EATON of Colorado. Does that figure for forest roads and trails and Federal-aid highways furnish enough funds to carry through all the projects now under consideration and contemplated up to July 1, 1934?

Mr. TABER. Frankly, I do not know. I do not know whether it is the program of the party which will be in power after the 4th of March in all branches of the Government to bring in a deficiency bill to increase these figures, or whether it is their program that the expenditures for the fiscal year 1934 are all contained in this bill.

Mr. EATON of Colorado. I wondered if the gentleman could tell us whether the appropriations are sufficient to carry through the present program of the Bureau of Public Roads.

Mr. TABER. I do not know about that; it does not quite complete the authorizations which have been made by Congress. I have forgotten whether there is \$15,000,000 or \$22,000,000 remaining, but it is something approximating that amount. That is approximately the amount beyond the \$35,000,000 carried here.

Mr. EATON of Colorado. Then at present there is no further authorization for any future operations for forest roads and trails and public highways beyond the date of July, 1934?

Mr. TABER. That is my understanding.

Mr. PARKS. Will the gentleman yield?

Mr. TABER. I yield.

Mr. PARKS. I understand the gentleman is against any further authorization or appropriations for new projects.

Mr. TABER. Yes.

Mr. PARKS. Did the gentleman vote for the \$460,000 item in the Interior appropriation bill?

Mr. TABER. Oh, that is an entirely different proposition from what I am discussing. That is a proposition to complete a set of buildings, which are already there, so that they can be used. If the gentleman voted against it, he wanted to prevent the use of those buildings which are already there and which needed this heating and power plant.



It is an entirely different proposition from embarking on new projects.

These things that I am kicking about are new projects which are not absolutely required to complete buildings. The buildings at Howard University are already there, and they are useless without the completion of the heat and power plant.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. ALLGOOD. I understand that they had \$800,000 appropriated for a library there, and the suggestion was made that they could use a part of that fund for the heating plant, but that did not meet with their approval. It seems to me, instead of asking for an increased appropriation at this time, with the conditions that the gentleman has described existing in the country, and which we all know to be the fact, they could have transferred part of that appropriation from the library over to the heating plant, if the heating plant is so necessary.

Mr. TABER. I think they could probably get along without the library, but I do not see how they could get along without the heating plant. There might have been some question about the construction of these buildings in the first instance, but after we had committed ourselves to them, I do not see how we could go on without providing for the heating plant. That is the distinction that I would make in every Federal appropriation. Frankly, I think it was a great mistake for us to embark on the construction of all these buildings on Pennsylvania Avenue in such times as these, but we have embarked on that construction, and where the appropriations have already been made, we have to go on and spend the money to complete the structures that are already in process of construction. But to embark on new projects, on the laying out of new highways for which we have not already appropriated money is to do something which places a tremendous burden upon the taxpayer not only for construction but for maintenance on the people of the States, and it should be stopped and stopped now.

Mr. BLACK. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. BLACK. If everybody in private business took the same position that the gentleman takes, that they should embark on no new projects, would we ever get out of the depression?

Mr. TABER. If the Federal Government, and if the States and the municipalities would stop the foolish expenditure of money and the embarking on wildcat projects for things that we do not need and that are simply a burden to the taxpayers, we would thereby reduce the Federal, State, county, and municipal expenditures, and confidence would be restored and the people would have faith to go ahead with private enterprise and the depression would begin to end. Why can we not look on this situation with common sense, just as we would with our own private matters? The people are now beginning to work out of some of these tremendous debts that they got into, and which caused this depression; and as they work out of them, there will be an opportunity to recover unless the legislative bodies, both Federal, State, and local, do foolish things that hamper and retard recovery. To my mind embarking on these new projects that we do not need and can not afford to carry on is to do something that is bound to retard and prevent economic recovery.

Mr. DICKSTEIN. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. DICKSTEIN. I understand that it is no more a depression, but that it is a panic, that we are now over the depression. If the gentleman's statement is to be taken for what it is worth, we might as well put a wall around the United States and do nothing.

Mr. TABER. Oh, no. I want to stop the things that are keeping the panic going. We are in a panic; that is, the people fear. They fear to go ahead because Congress foolishly is embarking on projects which this country does not need, and must stop, if we are going to recover.

Mr. BLACK. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. BLACK. Therefore, the proposition of the gentleman is that if the Government fears to go ahead, if the Government lacks confidence, the rest of the people of the country will be instilled with a sublime hope?

Mr. TABER. No. If the Government has common sense enough to stop foolish expenditures on projects that we do not need, never did, and never will need, the people will realize that there is some hope for them, and that taxation will have some limitations, and that they will have an opportunity to go ahead with a balanced Federal, State, and municipal budget and do business in the old-fashioned, common, legitimate way.

Mr. BLACK. I agree with the gentleman, if he means prohibition.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. GOSS. I notice on page 7 of the bill an item of \$850,000 for printing. The hearings on page 51 say that the amount carries \$250,000 more than will be spent this year. On pages 57, 63, and 64 of the hearings we have the statement that there is a 12-year supply of pamphlets on hand. Does not the gentleman think that appropriation could be cut \$240,000 without handicapping the work of the department?

Mr. TABER. I hope the gentleman will raise that question when the bill is read and move to reduce that appropriation by that amount, because the only way that we ever will get rid of these unnecessary expenditures is by cutting them out.

Mr. DICKSTEIN. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. DICKSTEIN. The gentleman indicates by his talk, which is very interesting, how we can get out of this depression, and says that we should not spend any more money or erect new buildings.

Mr. TABER. If the gentleman will permit, I said that we should not go on with any buildings or any projects that we do not absolutely need. The building of monuments is one of the curses and one of the causes of this depression.

Mr. DICKSTEIN. If we want to restore business and prosperity, there are three angles only in which we can do it, in my opinion. First, we must recognize Russia for commercial purposes; second, we must repeal the eighteenth amendment and restore light wines and beer; and, third, readjust the tariff—and we will have all the confidence and prosperity we want in this country, in my opinion.

Mr. TABER. Does the gentleman realize that as a result of the depreciated currency abroad the studies by the Tariff Commission show that we have practically no protection now compared with what we ought to have against the importation of foreign products? It seems to me the gentleman needs to study and get down to the fundamental things upon which this country has always prospered, namely, the saving of money and the getting out of debt. [Applause.]

Mr. SCHAFER. Will the gentleman yield?

Mr. TABER. I yield.

Mr. SCHAFER. The Democrats are always raising a bugaboo about the present tariff rates. The Democratic Party has had control of the House of Representatives in which tariff legislation, under the Constitution, must originate, for over a year, and it has not brought out a bill reducing a single, solitary tariff, not even the tariff on aluminum pants buttons, one-half of 1 per cent.

Mr. TABER. The gentleman also forgets they brought in a fake tariff bill which was designed to fool the people.

Mr. SCHAFER. And now they want to enter into tariff negotiations with foreign countries as Wilson did at Versailles, with a country like France, which will not even pay the \$20,000,000 of her honest debt due this year.

Mr. TABER. That is a natural Democratic program.

Mr. COLTON. Will the gentleman yield?

Mr. TABER. I yield.

Mr. COLTON. Does the gentleman class unfinished road projects, roads which have been commenced but can not be completed by July 1, 1933, as unfinished projects? Do you favor appropriating money for those projects? For instance, in my State the roads have furnished employment for about 8,000 men during the last year. Unless this Congress authorizes and appropriates more money for roads, those men will not have work such as they have had in the past. I would like to know in what category the gentleman places road projects?

Mr. TABER. I will come to that in a very careful analysis of just what those road projects do for unemployment, and I think the gentleman will get an answer to his question. I will proceed with that road-project proposition right now.

In the fiscal year ending 1932 Federal-aid highways were built with very marked increases over previous years. The average cost of putting one man to work in that fiscal year was \$3,900. That is, it required \$3,900 of appropriation by this Congress to put one man to work for a year. Those are figures given by Mr. MacDonald, the head of the Bureau of Roads.

Mr. LA GUARDIA. And how much did the man get?

Mr. TABER. I will give a little illustration. They spent \$800,000 on one Federal-aid highway in my territory, building about 8 miles, and three men in that locality received jobs at \$1.50 a day for approximately three or four months. They had some men from outside the locality, but in the locality that was the sum total of the employment provided.

Mr. COLTON. Does the gentleman state that Mr. MacDonald gave those figures?

Mr. TABER. He gave those figures to me in April when I made a statement here, and he stated that for the coming fiscal year he estimated they would be able to put more men to work because of the decreased prices of labor and material, so that they would actually be able to employ one man for a year for \$3,600.

Mr. COLTON. Will the gentleman yield further for a brief question?

Mr. TABER. Yes; I yield.

Mr. COLTON. The Roads Committee has conducted extensive hearings, and our conclusions are very different from those expressed by the gentleman. Our findings show that more of the road dollar goes to labor than any other dollar appropriated by the Federal Government.

Mr. TABER. I will give the story of the different projects as I get it from the heads of the different bureaus of the Government who have charge of expenditures of this character, so that the gentleman may have the whole picture.

For public buildings the cost of putting one man to work for a year under the Treasury Department was \$5,600. For rivers and harbors the cost of putting one man to work for a year was \$4,800. I received these figures about the middle of April. I do not have figures right down to date. For Federal-aid highways it was estimated to be for the fiscal year 1933 approximately \$3,600. For Veterans' Bureau projects it was approximately \$3,450, if I correctly remember the figure. I may get some of the later figures wrong, but I am sure of the first three I gave. For construction of projects under the Army and Navy, approximately \$3,050. For flood control, where a very large percentage of labor was employed as compared with materials and contract work, approximately \$1,200, and there, I understand, the labor price was very low.

Those are the figures I obtained about the middle of April.

Mr. BURTNESS. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BURTNESS. I heard with interest the question asked by the gentleman from Utah [Mr. COLTON] and the reply made by the gentleman from New York. I wonder if this is any explanation of the difference in viewpoint between the two gentlemen. Is not the gentleman from New York [Mr. TABER] dealing solely with the allocation of the total appropriation for the individual men that are put to work on a specific Federal-aid project? For instance, when you are

considering that and paying absolutely no attention to the labor that has been employed by those furnishing the material in the construction, the labor that may have been employed in the manufacture of the machinery that is used, and everything of that sort, that is looking at it from one viewpoint. And is not the gentleman from Utah in referring to the road dollar invested in labor referring to all of the labor that is employed all over the country, which finally culminates in the building of a specific piece of road?

Mr. TABER. That is probably so, because my figures show what was necessary to put one man to work on the projects involved.

Mr. BURTNESS. If that is so, then the gentleman does not want to create the impression that the cost of labor is so high, nor does he want to create the impression that labor as a whole scattered over the United States gets such infinitesimal benefits from the appropriation. I asked my question in a friendly spirit, because I am in sympathy with the gentleman's design to reduce these appropriations.

Mr. TABER. I want to make this clear: Employment has not been created, because very largely the articles that were used in construction work came within inventory rather than manufacture or direct process during the periods for which I have given the figures.

Mr. BURTNESS. That would be true of gravel, would it, for instance?

Mr. TABER. Oh, not on gravel. The expenditure for gravel is not a big item.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. ALLGOOD. I have been in sympathy with the system of Federal aid in the construction of highways. I thought it was the best thing we could do. However, our people are criticizing the construction along the line that the specifications were of such a nature that the cost per mile was extremely high.

Mr. TABER. I am going to offer some amendments at the proper place in the bill designed to save the taxpayers large sums of money on things that are not needed and that do not provide any substantial employment.

I think we should save at least \$35,000,000 out of the \$111,000,000 in this bill.

Cutting 30 per cent off appropriations is the only way we can meet our responsibility to the people back home.

We must do it by eliminating those unnecessary functions of government which we can do without.

When these amendments are offered I hope they will receive the support of the House.

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, the continuing pressure of economic conditions is liable to overshadow some of the meaner and more sordid things that have been done that only aggravated the depression.

This year Washington was visited by a group of respectable men and women out of work, having certificates of the United States Government in their possession which called for payment. These men came to Congress with the right of petition. Nobody in this House can say that the men of the bonus army did not treat each and every Member of the House with a great deal of respect. On the other hand, a great many Members of this House can say that other people have come to Washington in far better circumstances, with less claim of right, who treated nobody in Congress with respect.

At the outset these men saw to it that their ranks contained no men preaching revolution. The House heard their petition, acted on the cash payment, passed it. The bill went to the Senate. There it was defeated, and yet in the night of their great gloom and great disappointment these men who had fought for this country, expecting something more from it, assembled outside the Senate, and, as one man, in a tribute of respect to the Government, lifted up their voices in the song America. Within a few days



they were driven from Washington at the point of a bayonet, and nothing has been done on that.

I believe that the bonus army eviction was the greatest crime in modern history, and I believe that Congress has a duty to itself and a duty to the country to pillory all the culprits responsible therefor.

General Glassford, who was in command of the police at the time, has stated that it was not necessary to call out the Army; that he could have handled the situation. A strange thing about it to me was that there was no interference with the bonus army while Congress was in session; nobody in executive authority dared to resort to any extraordinary means to harass these men while Congress was in session, because they realized that Congress, speaking with the voice of the people, would have rebuked any such performance as I believe they had in mind; but immediately on the adjournment of Congress all force and fury broke out in Washington against these homeless men. General Glassford has published newspaper articles in which he stated that it was all anticipated by the men in charge of the armed forces of this country. If this be so, it is a serious charge and should be investigated. I do not subscribe to the belief that the President of the United States is infallible, nor do I believe that the White House is sacrosanct and should not be attacked.

I say that this Congress should not adjourn, no matter what else it has to do, until it ventilates everything concerning the orders given to the Army of the United States to drive from the streets of Washington and from their miserable hovels in Anacostia the men of the bonus army. The excuse was given that the half-demolished buildings on Pennsylvania Avenue were needed, but the contractor who had charge of the work said he was not in any hurry to demolish these buildings. [Applause.]

[Here the gavel fell.]

Mr. SIMMONS. Mr. Chairman, I yield 35 minutes to the gentleman from New York [Mr. LaGUARDIA].

Mr. LaGUARDIA. Mr. Chairman, I introduced a joint resolution this morning affecting interest rates. I will read it:

Joint resolution to aid in the balancing of the Budget, establish a conscionable rate of interest, and to place capital on a 5-day week basis

Whereas the deficit in the United States Treasury, notwithstanding all efforts of economy, has not been reduced, but is increasing; and

Whereas the revenue of the Government is insufficient to meet current expenses, and new sources of revenue are extremely difficult to find and of doubtful return; and

Whereas the President of the United States, in his message transmitting the Budget for the fiscal year ending June 30, 1934, has stated that "such a situation can not be continued without disaster to the Federal finances"; and

Whereas over \$1,000,000,000 are now annually required to meet interest and sinking-fund requirements on the national debt, and this amount is increasing as the deficit increases; and

Whereas the debt-service requirement of the annual Budget equals almost 25 per cent of the total expense of the Government; and

Whereas the country is now in the throes of an economic crisis and approaching a new economic era; and

Whereas agricultural, industrial, and commercial conditions throughout the United States are at the lowest ebb in the history of the country, due to unbalanced ownership of property and widespread indebtedness requiring interest payments beyond all proportion to the possible production of farms, factories, and business; and

Whereas property owners and farmers are being deprived of their holdings and farms, respectively, thereby creating poverty and a class of tenant peasants inconsistent with the democratic principles of this Republic; and

Whereas there has been a reduction of commodity prices and property values, but not in interest rates artificially established years ago under a different agricultural and industrial condition; and

Whereas there is widespread unemployment throughout the country caused by the financial crisis and the displacement of labor by machines; and

Whereas it is urged and deemed necessary to place labor on a 5-day week basis; and

Whereas efforts to date to place labor on a 5-day week basis have invariably resulted in a reduction of wages, thereby compelling labor to pay the entire cost of a 5-day week; and

Whereas Government employees have likewise been placed on a 5-day week, but with corresponding reduction of salary; and

Whereas nation-wide reduction of salaries, wages, and pay has materially reduced the purchasing power of the American people; and

Whereas by reason of the reduced purchasing power of the country the normal production of farms and factories can not be consumed, and the people unable to purchase even necessities of life, thus forming a vicious circle prolonging the depression; and

Whereas interest rate for money is calculated on a basis of 365 days a year; and

Whereas it is an economic necessity, in addition to being just and equitable, that capital likewise be placed on a 5-day week basis; and

Whereas at the present time the Government can take the initiative by readjusting its interest payments on such basis; and

Whereas there are 52 Saturdays and 52 Sundays in a year, making a total of 104 nonworking days in a year under a 5-day week basis; and

Whereas the Federal Reserve Board, through the Federal reserve banks and member banks, are constantly fixing the rate of call money which is used exclusively for transactions on the stock and commodity exchanges; and

Whereas the fixing of the rate of interest on call money, speculators, gamblers, and plungers are thereby facilitated and indirectly aided in artificially fixing prices on agricultural commodities to the disadvantage of the farmers and producers who are compelled and coerced to pay a fixed and higher rate of interest on their mortgages and crop loans; and

Whereas the home-loan bank recently established by the Congress is devoting substantially all of its time and efforts and resources to building and loan associations and financial institutions who, in turn, charge home owners high rates of interests, thereby serving no benefit and granting no relief to said home owners; and

Whereas the Reconstruction Finance Corporation has, as a matter of policy, maintained a high rate of interest, thereby prolonging the existing evil of high interest charges; and

Whereas it was the intent and purpose of the Congress in establishing financial institutions, such as the Reconstruction Finance Corporation, the home-loan bank, the farm-loan bank, and the Federal reserve system, to break the money monopoly and bring down unconscionable and unreasonable rates of interest on money; Therefore, be it

*Resolved, etc.,* That the interest rate on all outstanding bonded indebtedness of the United States be, and the same is hereby, reduced by 29 per cent commencing 30 days after the approval of this joint resolution; that the Secretary of the Treasury be, and is hereby, authorized to issue new certificates in exchange for all outstanding Government bonds and other certificates of interest-bearing indebtedness bearing the new interest rates which shall equal 71 per cent of the interest rates now paid on the respective issues of bonds or certificates or Liberty loans or by whatever name interest-bearing indebtedness may be known; that on presentation of coupons or other evidence of indebtedness of interest, issued prior to but covering obligations subsequent to the date of the reduction of interest rate takes effect shall be paid at the rate of 71 per cent of the amount heretofore paid and stated on such coupons or certificates; that the President shall by public proclamation announce the new interest rates on all issues of outstanding bonds and interest-bearing certificates and the date from which such new interest rates take effect; that the legal rate of interest in the District of Columbia and in all territories subject to the jurisdiction of the United States, be, and is hereby, fixed from the date this resolution becomes effective, at 3 per cent per annum; that the discount rate for commercial papers, securities, and other credits discounted by the Federal reserve bank shall not exceed 2½ per cent interest per annum and that banks so discounting commercial papers or other securities shall not charge borrowers more than 3 per cent interest per annum; that the rate of interest on all money loaned by the Reconstruction Finance Corporation for new enterprises shall not exceed 3 per cent per annum interest and that all refinancing by the said Reconstruction Finance Corporation on existing outstanding bonds or other indebtedness shall be conditional upon the issuance of new securities bearing a rate of interest not in excess of 3 per cent per annum; that all loans hereinafter made by the home-loan bank direct to home owners shall not exceed interest rate of 3 per cent per annum and that all loans made to building and loan associations or other financial institutions shall not exceed the rate of 2½ per cent interest per annum, on condition that the loans made to home owners by such building and loan associations or financial institutions shall not exceed the interest rate of 3 per cent per annum; and that the intermediate farm-loan banks shall discount farm mortgages at a rate not exceeding 2½ per cent per annum, conditioned that the farm-loan banks discounting such mortgages shall in turn charge the borrower or mortgagor not more than 3 per cent interest per annum.

I want to take this opportunity to explain to my colleagues that it is couched in very simple language and that I use a very easy illustration to bring home my point. I may say to my colleagues that I have purposely used simple language and taken an easy illustration so that the bankers of the country can understand it. [Laughter.] I think I owe it to my colleagues to give the reason why it is so couched.

After all this talk we have had about putting labor on a 5-day-week basis, after all this we hear about lower com-



modity prices, I would simply put capital on a 5-day-week basis. If we did this, of course, we would bring down the interest rates. That is my reason for introducing the resolution and my purpose in taking the floor to-day—to compel discussion on the cost of money, unreasonably high interest rate, and to force remedial action.

Gentlemen, has it occurred to you that in the desperate efforts to pull out of the depression, we have heard suggested and carried out, if you please, plans lowering of the wage scale, and there has been reduction of salaries and wages and pay throughout the United States; commodity prices have gone down to such a low point that the farmer can not even afford to harvest his crop; advice has come to Washington from financial circles but not once has it been suggested that interest rates be reduced? Every refinancing proposition, every loan made in the midst of this depression, based upon lower wages and lower commodity prices, still maintains an unreasonable and unconscionable high rate of interest. All that we have suggested and every relief that has been offered to the farmers of this country is more loans at a higher rate of interest. I say higher rate of interest because every time there is a refinancing of a mortgage on a farm additional expenses are added to the original debt which carry interest charges.

There is nothing sacred or permanent about a 6 per cent interest rate or an 8 per cent interest rate. Present interest rates were artificially created at a time when an entirely different agricultural and industrial condition existed. Yet it is sought to maintain an interest rate so artificially created now that we are in the throes of the financial crisis and on the eve of a new economic era.

Mr. DICKSTEIN and Mr. ALLGOOD rose.

Mr. LA GUARDIA. Later on I shall yield.

We must start, as soon as possible, in bringing down the interest rates, and we can do this by the control of money which the United States Government has through its own financing and through the Federal reserve banks and the financial institutions created by Congress, such as the Reconstruction Finance Corporation, Federal farm-loan and intermediary banks, and home-loan banks.

Every refinancing or refunding of Government bonds should be on a basis of 3 per cent interest, and no higher. If necessary, the United States Government can call in every one of its bonds and issue new ones for them on a 3 per cent basis. This, of course, would have a psychological effect, just as it was urged upon Congress to bring down the wages of Government employees for the psychological effect on the employers in the industries. Yes; in this instance the effect was immediate, and wages were brought down with a vengeance.

But we can go farther. Has it occurred to you gentlemen that every effort made by the Government, through Congress, of course, to assist in the financing of industry, banks, railroads, farms, and homes was based, and is now administered, not with the main purpose of aiding or relieving the person or the entity in need of financial help but upon maintaining high interest rates for the purpose of benefiting the money lenders who then and now still hold the securities?

Let us take the Reconstruction Finance Corporation. It has two distinct purposes under existing law: One to re-finance banks, insurance companies, financial institutions, and railroads and the other to provide capital for certain limited and specified new enterprises.

The policy of the Reconstruction Finance Corporation, bad as it is, is not as cruel as the home-loan bank that I am going to refer to in a moment. The policy of the Reconstruction Finance Corporation has been to maintain high rates of interest and, as they frankly and boastfully state, in order not to make their institutions attractive. When railroads and banks and financial institutions holding securities are in need of finances to meet current interest or principal on outstanding securities or must go under, here is an opportunity for the Reconstruction Finance Corporation to use its tremendous power and compel a refinancing of these securities on a 3 per cent basis. Instead we find the usual high and impossible high rate of interest maintained.

Such stupid and short-sighted policy can have but one effect, and that is to delay the collapse of the particular institution and the loss of the people's money put out by the Reconstruction Finance Corporation.

If private capital is sought by any corporation in financial difficulties, new capital will not come in unless outstanding bonded indebtedness or secured creditors subordinate their claims to the new money. This is done every day. Yet when the progressives of the House offered an amendment to the first reconstruction finance bill to compel railroads to subordinate present liens to the new loans, it was voted and howled down. Yet I maintain that the Reconstruction Finance Corporation could compel, especially when it finances to take care of existing indebtedness, a lower rate of interest, thereby contributing to the change in money value, which is absolutely essential if the economic system of this country is to survive, to bring down interest rates. The folly of the present policy is that present interest rates can not be maintained. Railroads, industry, agriculture, or even the Government itself can not continue to bear and pay existing high interest rates. The lowering of interest, and for the present, down to 3 per cent per annum is only one of the first and necessary changes in the economic readjustment which inevitably must be brought about. Let us bring it about through proper legislative channels—lest it be forced through disorder and chaos.

Now, a new enterprise, a self-liquidating project, is contained in the second relief bill; surely there the Reconstruction Finance Corporation should provide money at an interest rate no higher than 3 per cent; but it stubbornly continues to charge  $5\frac{1}{2}$  to 6 per cent interest. Yet we continue wondering when we are going to get out of the depression, hoping against hope, and the very root of the evil of high prices of money continues. A subsidy to money sharks, yes; a fundamental and substantial relief to producers and workers, no, seems to be the policy of the present administration.

Why, gentlemen, when you take the interest charges, the bonuses, the cost of getting the loan, the commissions, whether in industry or on the farm or in any business, the cost of the money is so great that neither business, industry, nor agriculture can possibly meet it. Unless this evil is removed we will go on from bad to worse until the collapse of the entire economic system.

Now, before coming to the home-loan bank, we have, beside the Reconstruction Finance Corporation, the Federal reserve banks, which practically control the money market, especially the interest and discount rates.

The distinguished gentleman from Kansas [Mr. STRONG], who is here to-day, as he always is, attending to his duties, made a speech in my town some time ago. The audience was composed mostly of bankers. The gentleman from Kansas suggested the necessity of fixing prices of agricultural commodities, and you could hear groans all through the audience. The gentleman from Kansas [Mr. STRONG] anticipated the reply—"unconstitutional, beyond the scope and power of the Government." And Mr. STRONG reminded them that the United States was fixing the price of money every day, was fixing the price of interest and discount rates, and particularly interest rates on call money.

The bankers have not forgotten the retort of the gentleman from Kansas, but they are worried about it. Congress has to date failed to act. It will soon be forced to take drastic action. We are in this peculiar position—while we want to aid the farmer, we are telling the farmer that the Government can not artificially, by decree or otherwise, fix the price of his commodities. Yet the Government, through one of its agencies, fixes the price of call money, which is used exclusively for speculating in the stock and commodity exchanges. Here we have the grain and cotton and corn gambler directly aided by Federal reserve banks providing low interest rates on the money he borrows.

So the gamblers artificially fix the price of commodities the farmer produces. The farmer is helpless. He is compelled to sell his commodity at prices fixed artificially by the gamblers who get money at a low rate of interest through



the Government. The farmer pays fixed and high rates of interest, not only on his mortgage but on his crop loans as well. That is the position we are in to-day. We must re-finance or refund the farmers' loans in this country. That, the mortgage, is one of the big factors of his condition. Then we must protect the farmer against the stock-ticker tin-horn and commodity gambler. If the Federal reserve banks paid as much attention to the farmer as they do to the stock ticker, the plight of the farmer would, indeed, be not so bad. Several plans have been offered for doing this.

I think there are about \$9,000,000,000 of farm loans in this country. The way that we can do that is by refunding these loans, not necessarily providing funds for them but issuing a new loan and taking in the old mortgage.

The gentleman from Oklahoma [Mr. McKeown] and myself have been working on certain amendments to the bankruptcy law. We have completed a bill, which I am going to drop in the basket to-morrow. We will provide a period of extension for individuals who are temporarily financially embarrassed in the nature of a composition agreement, whereby the secured creditor or mortgagee will be stayed. Now, gentlemen, do not jump up and say that we can not do that, because we can, for the Supreme Court has so held.

Anything can happen here. The other day a Member offered a proposition to improve nature's supply of milk. [Laughter.] Yes; we can provide and prevent a wholesale foreclosure of mortgages in this country, which is taking place daily. From my observations and investigation it is absolutely imperative that we do so. Our good farmers are not going to be ejected from homes which have been in their families for generations. Just jot that down. There soon will come a time when sheriffs will not be able to eject the owner of a farm. In some States right now a foreclosure sale of a farm finds no bidders. Soon, unless the situation is fully met and proper remedies provided, a mortgage will be only a theoretical remedy in equity. And that point and that time are not very distant unless we arise to the needs of the time. Gentlemen, take heed.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. LaGUARDIA. In a moment. By providing a period of relief, as you will find in the McKeown-LaGuardia amendment to the bankruptcy law, the holder of these mortgages will be stayed and thereby have the incentive to accept a new deal. We could use the agencies of the Federal farm-loan banks to take up the lapsed mortgage and issue a new mortgage at, say, 2½ per cent interest and 1 per cent amortization on the principal. That could be secured or guaranteed by the United States Government. If all the farmers of the country defaulted in one year on the interest payments, it would amount, I am informed, at the new rate of interest to about \$300,000,000 a year; but such a contingency is impossible. In fact, it would be little, if any, risk to the Government. We could thereby bring permanent relief as far as the fear of foreclosure and eviction is concerned to the farmers of the country, bring down the rate of interest to a reasonable rate, with an amortization plan which the farmer could meet, and with the prospect that his children at least would see the time when the farm would be free and clear. We can utilize the power and resources of the Federal reserve bank and the farm-loan bank. Of course, it is going to be pretty hard on the joint-stock land banks, but many of them, I fear, are now in bad shape and ought to be liquidated.

Why, gentlemen, to give you an idea of how farcical the so-called relief to the farmers through the medium of the Reconstruction Finance Corporation has been, suffice it to say that although this House believed that it was putting a provision into that bill to aid the farmer, by the time the loan reaches the individual farmer from that source he must pay from 7 to 8 per cent interest. This in the name of relief. What a sham! What a shame! What a disgrace!

We now come to the home-loan bank, and there I say that the administration of that law has been cruel and that the intent of Congress has been absolutely disregarded.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. BANKHEAD. Before the gentleman departs from that feature of his discussion, will he kindly place in the Record the citation of the decision of the Supreme Court to which he referred holding that we could stay the execution of a private contract—

Mr. LaGUARDIA. Oh, no; I did not say that. I said that the bankruptcy court could stay the foreclosure of a secured lien.

Mr. BANKHEAD. The gentleman is under the impression that a Federal statute involving an amendment to the bankruptcy act could go to that extent? Will the gentleman cite the cases?

Mr. LaGUARDIA. Yes. Among other cases I will cite *Canada Southern R. R. v. Gebhard* (109 U. S. 527), *Isaacs v. Hobbs* (282 U. S. 734), and other cases, the citations of which I just can not recall offhand. It is somewhat shocking when the subject is first approached, but the court has given it a great deal of thought, and we have arrived at the point where I can safely say that we can do it. The courts have indeed seen and realized the necessities of the time and have clearly indicated the lead for Congress to follow.

Mr. STRONG of Kansas. Mr. Chairman, will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. STRONG of Kansas. I was not making a speech in the interest of price fixing at the time to which the gentleman has referred. I was talking for the stabilization of the purchasing power of the dollar. I was twitted with being a price fixer, and I replied to my critic that the Federal Reserve Board had the right to fix the price of money, which it does through fixing the rediscount rates, and at a very low rate of interest, and in that connection I might add that the farmers of my State pay 8 per cent for the money that they borrow of our local banks. Is it any wonder that farmers are unable to carry this burden with wheat at 30 cents; corn, 12 cents; hogs, 3 cents; oats, 8 cents; and cotton, 5 cents.

Mr. LaGUARDIA. Mr. Chairman, the condition of this country must, indeed, be bad when a sound, conservative, and prudent man like the gentleman from Kansas [Mr. STRONG] and I can agree on that.

Mr. STRONG of Kansas. The millennium is approaching.

Mr. LaGUARDIA. No; we want to bring it about. When the home loan bank bill was before this House it was stated that it was the greatest piece of legislation that had ever been passed by the American Congress at any time, for it was believed we were providing relief to save the home of the little American home owner. Is not that true? And we voted for it in that belief. And at the time the lobbies of this Capitol were full of representatives and lobbyists of the building and loan associations and other financial institutions and loan sharks that were worrying about their interest rates. We included an amendment suggested by the progressive group that prevented loans being made to any institution that in turn, subsequent to the enactment of the law, charged usurious rates of interest.

There was quite a fight about it. There was a long discussion in the Senate about it. The opponent in the last election of the distinguished gentleman from New Jersey [Mr. STEWART] for the senatorship from that State, ran on a platform—and I am sorry that I have not it here now—in which he said that the House of Representatives prevented the building and loan associations of New Jersey from charging their usual rates of interest which, Mr. Chairman, go as high as 8, 10, and 12 per cent, with penalties, commissions, charges, and fees. The finest compliment ever paid to the gentleman from New Jersey [Mr. STEWART] that could be paid to any candidate for the Senate was paid when his opponent stated that the gentleman from New Jersey sat here and voted for that amendment.

The building and loan associations have been posing as semiphanthropic organizations, but some of them are noth-

ing but loan sharks of the worst order, because any institution that charges from 8 to 10 per cent in these days on a home, and that will foreclose a home for nonpayment of that interest, warrants me in repeating what I said at the time when the bill was under discussion, that such an institution is not composed of human beings, but simply of slimy hogs. We put into that bill the following provision:

Any home owner who comes within the limits of this act and who is unable to obtain mortgage money from any other source may obtain same from any bank organized under this act.

Mr. LAMNECK. Right in connection with that, the head of one of these so-called home-loan banks said that while that section was in the law their function was to loan money to the building and loan associations to pay off the banks.

Mr. LA GUARDIA. I thank the gentleman. Now, lest I be misunderstood, that I am criticizing the directors of the home-loan bank by innuendo, I am going to save them from that trouble. I say that that board and the home-loan banks are purposely sabotaging this law in order to continue the usurious rates of building loan associations and banks that exact usurious rates of interest. The home-loan banks to date have not benefited the individual home owner. I have some interesting correspondence here that I shall read in a moment or two.

That is a very serious charge. Gentlemen, I ask you if you have one constituent in your district who has been able to receive a direct loan at low rate of interest from the home-loan bank? Yet we provided for it, as the gentleman pointed out. I am sure every Member here has had correspondence from his constituents about this matter. I get it from all over the country. They say they go to the home-loan bank when they are threatened with foreclosure. They receive no comfort at the home-loan bank. They are told to go back to the building and loan association. Then what happens? He must go through a renewal of his mortgage, pay an additional bonus, pay additional commissions, pay additional charges, which are put onto his loan, adding to usurious rates of interest charged.

Mr. CAVICCHIA. Will the gentleman yield?

Mr. LA GUARDIA. I yield.

Mr. CAVICCHIA. Does the gentleman know that most of these people who are threatened with loss of their homes are behind with their taxes and their interest payments and would the gentleman have the home-loan bank take those risks and become the owner of the property when it must be foreclosed in order to help out these people who have mortgages on their homes?

Mr. LA GUARDIA. I would have the home-loan bank carry out the intent of Congress by making a direct loan to the home owner at a low rate of interest. We only expect 2 per cent return on the \$125,000,000 that we gave the home-loan bank. We want to make a direct loan to the home owner at a low rate of interest in order to save that American family its home. Taxes can be easily paid if unreasonable interest charges are reduced. Let the gentleman from New Jersey be under no misapprehension, and let the other gentleman from New Jersey, Mr. Fort, who is a specialist in building loans and a very brilliant and a very able man, be under no misapprehension. The gentleman from New Jersey, Mr. Fort, is the last man in the United States who should have been appointed to that position, because he sympathizes with building loan institutions and condones their practices. His sympathy is with the usurious money lenders. It is not with the home owner. It can not be. He is identified with the association of building and loan associations.

So I say the purpose of the home loan bank bill was not to perpetuate high rates of interest. The purpose of the bill was not to maintain shaky building and loan associations. The purpose of the bill and the reason for the appropriation of \$125,000,000 was to save the homes of good American citizens and their families. That was the purpose of the bill.

Mr. CAVICCHIA. Will the gentleman yield further?

Mr. LA GUARDIA. I yield.

Mr. CAVICCHIA. I would like to have the gentleman know that Mr. Fort was never in his life connected with any building and loan association. He was president of a bank, and he was president of the only bank in my neighborhood that offered to help building and loan associations so that they could borrow money from his institution, which in turn could give it to the people who had saved money and wanted to withdraw and could not get it.

Mr. LA GUARDIA. Yes; at what rate of interest?

Mr. CAVICCHIA. Six per cent, the legal rate in New Jersey.

Mr. LA GUARDIA. Why was there so much opposition to my amendment from the New Jersey contingent?

Mr. CAVICCHIA. Because the building and loan laws in the State of New Jersey permit a premium to be charged, and that premium goes into the treasury of the building and loan association, and the man who pays it gets his proportionate share of the profits.

Mr. LA GUARDIA. He gets nothing. The stockholders or shareholders get the benefit. I am not concerned in who gets the high interest; I am concerned about the poor fellow who pays it.

Mr. CAVICCHIA. The gentleman is wrong. I am a building and loan lawyer and the gentleman is not.

Mr. LA GUARDIA. I would not brag about it if I were he.

Mr. CAVICCHIA. I do not have to apologize to the gentleman from New Jersey.

Mr. LA GUARDIA. Building and loan associations are exempted from the usury laws in the gentleman's State. They can charge interest, commissions, penalties, and charges way over and above the legal rate and it is usurious. I have in my office now copies of daily papers from the gentleman's State where there are hundreds and hundreds of foreclosures every week by building and loan associations, because of default in payments of usurious rates and outrageous penalties imposed upon the home owners.

Now I say that the purpose of the home-loan bank—let me repeat it for the benefit of anyone who may be seeking to defend building and loan associations—is to aid the home owner. Let me say in direct reply to the gentleman from New Jersey [Mr. CAVICCHIA] we are not concerned about who gets the usurious rates of interest. We are concerned about who pays the usurious rate of interest. We do not care who gets it. We know they have stockholders and officers and boards of directors who participate in that. We are not interested in that. We do not care whether one individual gets it or whether a hundred individuals get it and divide it. It is the payment of the usurious rates of interest on mortgages and homes that this Congress sought to avoid, and that was the purpose of the home-loan bank. If there is one place I hope the new administration will clean out it is the home-loan banks and directors and put men in office who are in sympathy with the purposes of the law, so as to give effect to the intent of Congress and bring direct relief to millions of splendid home owners of this country.

Mr. CAVICCHIA. Will the gentleman permit me to put something in the RECORD there?

Mr. LA GUARDIA. I yield.

Mr. CAVICCHIA. While it is true that building and loan associations charge a premium for making a loan, and then charge 6 per cent in the State of New Jersey—

Mr. LA GUARDIA. And also penalties.

Mr. CAVICCHIA. And penalties and fines if they do not pay on time, the average rate of interest, by the time their stock matures, is between 4½ and 5 per cent. I would like to ask the gentleman whether he considers that is a usurious rate of interest?

Mr. LA GUARDIA. But that is not the fact. The thousands and thousands of foreclosures in the gentleman's State are the complete answer to that statement.

Mr. CAVICCHIA. That is the fact, and if the gentleman will take the trouble to look up the building and loan returns of the State of New Jersey he will find it is the fact. I am talking about my State.



Mr. LAGUARDIA. I will say that I have in my office copies of papers from the gentleman's home State and home county, where hundreds and hundreds, every week, of foreclosure sales are advertised, brought by building and loan associations; and that the State of New Jersey exempts building and loan associations from the usury law.

They start out with 6 per cent and charge a fee for everything possible. They have commissions for renewals, and there are penalties as high as 5 cents a share a week on anyone who defaults in his weekly payment; and I say that no such law has any place on the statute books of any enlightened State.

And I repeat, the purpose of the home-loan bank was not to aid these institutions but to give some direct aid and relief to the home owners.

While the praises of the home-loan bank in the State of New Jersey are being so feebly and ineffectively sung, I will take this opportunity to read an exchange of correspondence between the home-loan bank covering the New Jersey district and a distinguished, useful, and able Member of this House, the distinguished gentleman from New Jersey [Mr. WOLVERTON]. When the Federal Home Loan Bank of Newark circularized the district under date of December 10, 1932, inclosing a statement full of fulsome self-praise the gentleman from New Jersey [Mr. WOLVERTON] took the trouble to reply to same and to ask for particulars. In so doing he rendered a very distinct, useful public service. But let the letters speak for themselves:

FEDERAL HOME LOAN BANK OF NEWARK,  
Newark, N. J., December 10, 1932.

Hon. CHARLES A. WOLVERTON,  
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: In view of the rather general interest in the operation of the Federal home-loan bank system, it has occurred to us that you might be interested in reading the inclosed report of the headway we are making in the second Federal home-loan bank district.

Very truly yours,

GEORGE L. BLISS,  
Executive Vice President.

THE FEDERAL HOME LOAN BANK OF NEWARK—STATEMENT OF PROGRESS  
DECEMBER 9, 1932.

This statement of progress in the second Federal home loan bank district is prepared for the information of those who are interested in what has been accomplished and the program for the immediate future.

The primary purpose of the Federal home loan bank act is to create a central reservoir of credit where building and loan associations, insurance companies, savings and loan associations, and savings banks may borrow money with which to render further service to their communities, using their present mortgage holdings as collateral for such advances. The principal source of funds of the system is to come from the sale of bonds to the general public, the act permitting such bonds to be sold in amounts up to twelve times the capital of the banks. In order to provide such long-term funds to the member institutions at a rate sufficiently attractive to bring them into the system, these bonds must have the highest rating. If this is to be accomplished, it is necessary that only those eligible institutions be admitted that are sound, solvent, well managed, and qualified to bear the hall-mark "Member of the Federal Home Loan Bank System."

At the Federal Home Loan Bank of Newark applications for membership have so far been received from 174 eligible institutions in the States of New York and New Jersey, their resources aggregating some \$275,000,000. Examination of their condition is now in process to ascertain which will qualify under the standards that have been set. To date eight have been admitted to membership subject to further approval by the Federal Home Loan Bank Board. The examination of some 31 more is in process and will be completed within the next few days. The remainder have not yet furnished the supplementary information that is required of each institution applying for membership.

The matter of the terms and conditions upon which advances will be made to member institutions has been promulgated in regulations adopted by the board of directors. These regulations provide that applications for advances to member institutions will be made to those institutions that will agree to re-lend the money to home owners in the following order of preference:

1. In first mortgage loans for the purpose of repairs, remodeling, and other activities leading directly to the employment of labor.
2. In first-mortgage loans to assist borrowers in paying taxes, or to facilitate the payment of real-estate taxes on behalf of borrowers.
3. In making first-mortgage loans to home owners who qualify under the direct-loan provision of the Federal home loan bank act.

4. In making first-mortgage loans in cases where home owners are being pressed for payment by present mortgagees (except where such mortgagor is an eligible institution or an institution having access to other Federal instrumentalities or agencies).

By far the major interest in the Federal home-loan bank system is being displayed by the building and loan associations and the savings and loan associations. The State of New Jersey passed enabling legislation at its last session permitting the building and loan associations of that State to join the system.

In the State of New York enabling legislation is necessary in order to permit the eligible institutions to join the Federal home-loan bank system on a permanent basis. In the interim, however, such institutions are permitted to affiliate temporarily, and a number of savings and loan associations have filed their applications. That New York institutions may qualify on this temporary basis has not been thoroughly understood. Representatives of the Federal Home Loan Bank of Newark have been attending group meetings of eligible institutions throughout the district to acquaint them with that fact. It is also being pointed out to them that they must support enabling legislation in order to secure the permanent benefits.

Many home owners have applied for direct loans under the section of the act that permits such loans where the home owner is unable to secure mortgage money from any other source. It is obvious, of course, that any such home owner must present security that would be acceptable as collateral from a mortgage-lending institution. This is not generally understood. In the vast majority of cases the home owners that present their applications already have a mortgage that approximates the present value of the property, or are in arrears of interest and taxes to such an extent that they do not present a sound risk for any lending institution. In many such cases it is apparent that if a new mortgage were placed, the new mortgagor would be faced with default at the next interest date.

To provide intelligent and helpful counsel and advice in such cases, regional committees have been organized throughout the district utilizing for the most part officers of eligible institutions and other public-spirited citizens. Members of these committees have given generously of their time to investigate and counsel with home owners who have been referred to them. In practically every instance where there is an equity in the property and earning power on the part of the home owner sufficient to carry a reasonable mortgage, credit has been secured through a local institution. This activity has been carried on at the same time that facilities for the instituting of lending operations for member institutions have been in process of development. In some isolated cases it has been more difficult to secure local investigations, but these cases have been rare.

It is apparent that the first rediscouts by the Federal home-loan bank system will be made in one-half the time that it required the Federal reserve system to reach the same stage.

As rapidly as funds are placed in the hands of member institutions there will be an improvement in the local mortgage situation. And then, as the system demonstrates itself by the wise handling of its original capital, prospective bond buyers will become convinced of the stability of the system and a ready and continuous market for Federal home-loan bank bonds will be developed.

It is our earnest desire to render every cooperation in our power in providing advice and assistance to individuals and institutions in the district. With continued cooperation from the eligible institutions and others we believe that every home owner who constitutes a proper risk can be provided with reasonable first-mortgage service at a very early date.

DECEMBER 12, 1932.

GEORGE L. BLISS,  
Executive Vice President,  
Federal Home Loan Bank of Newark, Newark, N. J.

DEAR MR. BLISS: I wish to acknowledge receipt of your letter of December 10 inclosing report of the progress being made by the second Federal home-loan bank district.

I represent the first district of New Jersey, which comprises Camden, Gloucester, and Salem Counties. On Saturday last, while at Camden, N. J., I inquired of building and loan and bank officials as to what opportunity there was for home mortgages to be refinanced. I was informed by them that there is not a building and loan association, banking institution, insurance company, or individuals, so far as they know, making any mortgage loans whatsoever. From an official of our title company, which does an extensive business in south Jersey, I was informed that there was an increasing number of foreclosure searches being ordered. I made further inquiry as to whether there was any assistance being granted by the home-loan bank, and was informed that there was not.

I note on page 3 of your letter the following:

"In practically every instance where there is an equity in the property and earning power on the part of the home owner sufficient to carry a reasonable mortgage, credit has been secured through a local institution."

In view of the information that was given to me by the officials to whom I have referred, it has been impossible for me to reconcile their statements with that contained in your letter. I should be pleased indeed to have information, particularly with reference to Camden County as to what institutions have procured loans from the home-loan bank, and the amounts and also any individual loans that have been granted.



I have in mind a case in point. The individual to whom I refer brought to my attention during this past summer the conditions that existed when refinancing his mortgage loans on his home. He stated that his home had cost him between \$10,000 and \$12,000 and was in splendid condition, and that it had also had improvements. He also stated, as my recollection serves me, that a building and loan mortgage, which was a first lien, had been reduced to approximately \$2,300, and that there was a second mortgage of \$4,000, which had been given to a Philadelphia bank, not as a part of the purchase price of the house but as collateral security for a business loan, which requires \$1,500 to settle. In other words, he desired to place a loan of approximately \$4,000 on his home in order to pay off the building and loan mortgage and to settle the amount remaining due on the second mortgage. He is a fine, upright citizen of good habits and earning capacity. He had been and still is unable to procure any loan through a building and loan association, banking institution, or from any individual. This is due not to any lack of equity in the property but solely and entirely to existing conditions and by reason of which mortgage money is not available in that locality. I could give many similar illustrations.

When the case to which I have referred was brought to my attention I assured the individual that as Congress had passed the home loan bank bill on the closing day of our session, as soon as it would become operative—which I told him would be about October 15—funds would thereupon be provided which would enable loans such as his to be made. Furthermore, during the campaign I spoke of the great benefits that would come as a result of the inauguration of the home-loan bank system. It has been extremely embarrassing to me to face individuals such as I have already referred to, to whom assurances were given, and now have to admit that there does not seem to be any immediate opportunity of their loans being granted.

It is because of the above that I desire the information, in order that I may give a true picture of what is the cause to those who are interested. Our local paper, which circulates throughout southern Jersey, is carrying editorials criticizing the home loan bank system for the reasons I have above outlined. In addition to the information I have requested as to what loans have been granted either to individuals or to institutions in the district which I represent, I should also like to be informed as to whom such applications can be made and what possibility there is of their being granted, and in this connection I should like to know upon what basis of percentage of values loans are granted.

I am of the opinion that if the facts which you submit to me do not indicate loans being granted in number and amount to be of an appreciable benefit to home owners, then there must be changes made, by legislation or otherwise, that will provide the help to home owners that was intended by the passage of the home loan bank act.

Trusting that I may have as early a reply as is convenient, I am,  
Sincerely yours,

CHAS. A. WOLVERTON.

FEDERAL HOME LOAN BANK OF NEWARK,  
Newark, N. J., December 21, 1932.

HON. CHARLES A. WOLVERTON,

House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: Thank you for your letter of the 12th and for your expression of interest.

You will be interested to learn that to date this bank has acted favorably upon applications for admission to the system of 12 institutions and has forwarded its recommendations to the Federal board for approval. Such approval has been received as to the first of these 12, and a loan to that institution has been granted. That institution has been accumulating a number of loan applications that it will now be able to close, it says. This member institution is not in your district. We expect to be approving further loans and admitting other institutions at a steady rate from now on.

Applications for membership have so far been received from 11 building and loan associations in your district. We expect our executive committee to take favorable action in the case of the first of these to-morrow, and it will then be promptly forwarded to Washington for approval by the Federal board.

The point that we feel must be emphasized is that the substantial good to be done by the Federal home-loan bank system is going to be most effectively accomplished through the sale of Federal home-loan bank bonds to the banks, insurance companies, estates, and the general public. The \$20,000,000 capital that we have available can go but a very small distance, if it is to be used in making direct loans to home owners in this district, where the outstanding mortgages are measured in billions. It will go far, however, if it is used as a base for floating bonds which, under the act, may be sold in an amount twelve times the capital. Thus, if the bond-buying public is convinced of the stability of the system we have a base for the issuance of \$240,000,000 of bonds, with a proportionate increase as the eligible institutions join the system and by their pro rata investment add to the bank's capital.

We have received assurance from those who are intimately familiar with the bond field that the Federal home-loan bank bonds can be marketed in substantial sums and at moderate coupon rates if the bond-buying public is assured of the conservative character of the institutions that are admitted to the system and of a sound financial program by this bank and the Federal board. While readily granting that the necessary investigation of the condition and quality of management of eligible institutions

takes time, we are positive that this process is going to permit us to tap a much larger supply of investors' funds, and thus in the long run do the maximum good in pumping credits into the home-mortgage field.

No direct loans have as yet been made by this bank. Yet it has been an active factor in furnishing home owners with mortgage credits. Pending the flow of funds to eligible institutions in substantial volume, officers of eligible institutions have been performing voluntary service on home-loan clearance committees. These committees report that in hundreds of cases they have intervened on behalf of home owners and have persuaded present mortgagees to extend mortgages, to allow further time for the payment of interest and taxes. In innumerable cases these local committees have accomplished a readjustment of a building and loan mortgage, arranging for the application of the share credits in reduction of the principal of the mortgage, so that the borrower might start forth with a new mortgage at proportionately smaller monthly payments. There have been other instances where these local cooperating committees have been the agency that placed a home owner who qualified as a good risk in contact with an institution that agreed to make a loan.

We believe that in a case such as you describe in your letter our home loan clearance committee can be of assistance in working out a readjustment with the present mortgagee or in placing a new loan. The chairman of the home loan clearance committees in your district are willing and anxious to assist in such cases, and we suggest that you send to them any that come to your notice. The committee chairmen are as follows:

Camden County, J. Edward Fagen, 227 Federal Street, Camden, N. J.; Gloucester County, J. Edward Fagen; Salem County, J. Edward Fagen.

May I emphasize that our prediction as to what may be accomplished through the development of the Federal home-loan bank system by the sale of Federal home-loan bank bonds is not blind prophecy. The system is patterned to a large degree upon the Savings and Loan Bank of the State of New York, which has been operating in this fashion with advantage to both the savings and loan associations and the citizens of that State. With the strength and prestige of a nation-wide system, we can, upon a firm foundation, build a central reservoir of credit for the home-financing institutions that will prevent the recurrence of such a credit stringency as has developed during the current depression.

Very truly yours,

GEORGE L. BLISS,  
Executive Vice President.

Now, Mr. Chairman, I hope Congress will use the power it has through the existing agencies of the Federal reserve bank, the Reconstruction Finance Corporation, the Federal farm-loan banks, and the home-loan banks to bring down interest rates in this country and to relieve the farmers, the home owners, and the small business men from the economic slavery they are now suffering through these high and unconscionable rates of interest.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. LA GUARDIA. I yield.

Mr. ALLGOOD. I agree with the gentleman; I think he is getting at the base of our trouble, but I wonder if the gentleman's resolution would be retroactive.

Mr. LA GUARDIA. No; it would not be.

Mr. ALLGOOD. It could not be.

Mr. LA GUARDIA. Except in the plan to care for farm mortgages, which I am sure will be presented to Congress, I want to make clear that the plan of replacing existing farm mortgages is not mine originally. It is the result of thought and study by many very prominent economists. I am quite certain it will be part of the economic plan of the next administration. I want to make clear that I do not claim any originality or authorship of the plan. That plan, of course, would take every expired and interest-defaulted mortgage and exchange it for a new mortgage at a low rate of interest.

Mr. ALLGOOD. Additional to the \$9,000,000,000 farm debt there is about \$12,000,000,000 or \$13,000,000,000 of funded debt at fairly high rates of interest.

Mr. LA GUARDIA. Throughout the country.

Mr. ALLGOOD. Throughout the country.

Mr. LA GUARDIA. Well, of course, that can not continue. There must be reorganization of corporations that are overbonded, overcapitalized, or "overwatered." The day of high interest rates and unsound financing is past. They have brought it down of its own weight, so that we are going to go through a period not only of farm refinancing, but we must go through a period of corporate and railroad reorganization. Otherwise we are putting all the power of government into resources for the relief not of the people who produce the commodities, who produce the wealth of the country, but those who happen to own the money of



the country; and, certainly, that is not the solution of the problem.

Mr. SIMMONS. Mr. Chairman, will the gentleman yield?

Mr. LA GUARDIA. I yield.

Mr. SIMMONS. Can the gentleman tell us his interpretation of this language found in subsection (d) of section 4 of the act:

Any home owner who comes within the limit of this act who is unable to obtain mortgage money from any other source may obtain same from any bank organized under this act.

To what does the clause "within the limits of this act" refer; and what interpretation does the gentleman place upon it?

Mr. LA GUARDIA. That it must be a building housing less than three families; it must have a value fixed in the law; there must be the percentage of mortgage allowed by the law. If the home owner comes within these provisions, and he can not find money anywhere else, then I say it is mandatory upon the home-loan bank to make the loan.

Mr. SIMMONS. What are the limits so far as the home owner is concerned as to the value and as to the amount he can receive?

Mr. LA GUARDIA. That is fixed by the law.

Mr. SIMMONS. What is the gentleman's interpretation of it?

Mr. LA GUARDIA. It is 40 per cent of the value.

Mr. SIMMONS. Then 40 per cent is what can be loaned; that is the maximum that can be loaned as a direct loan to a home owner?

Mr. LA GUARDIA. Certainly. I will read from the law, under definition—

(6) The term "home mortgage" means a first mortgage upon real estate, in fee simple, or leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than three families, and shall include, in addition to first mortgages, such classes of first liens as are commonly given to secure advances on real estate by institutions authorized under this act to become members, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

Now, as to amount of loans on percentage of value basis, the law reads:

(1) If secured by a home mortgage given in respect of an amortized home-mortgage loan which was for an original term of eight years or more, or in cases where shares of stock, which are pledged as security for such loan, mature in a period of eight years or more, the advance may be for an amount not in excess of 60 per cent of the unpaid principal of the home-mortgage loan; in no case shall the amount of the advance exceed 40 per cent of the value of the real estate securing the home-mortgage loan.

(2) If secured by a home mortgage given in respect of any other home-mortgage loan, the advance shall not be for an amount in excess of 50 per cent of the unpaid principal of the home-mortgage loan; in no case shall the amount of such advance exceed 30 per cent of the value of the real estate securing the home-mortgage loan.

These quotations refer, of course, to loans that may be made to financial institutions holding such mortgages or securities as collateral. It follows that individuals would be entitled to the same loan facilities under paragraph (d) of section 4, which I read a moment ago and which the gentleman quoted.

Mr. CAVICCHIA. Mr. Chairman, will the gentleman yield for a suggestion?

Mr. LA GUARDIA. Certainly.

Mr. CAVICCHIA. The gentleman has spoken of the Reconstruction Finance Corporation and that corporation has been hog tied by having its credits limited to self-liquidating projects.

Mr. LA GUARDIA. New enterprises?

Mr. CAVICCHIA. New enterprises. There are many States which would spend millions of dollars for public improvements where they get the money from a direct tax levy, yet they can not get it because the improvements are not considered self-liquidating, although the taxpayers are assessed so much per year for the improvements. Amend the law so we can get this money and give the work to those needing it.

Mr. LA GUARDIA. The point is well taken that we can amend existing law, but I say the law as it now stands is sufficient, particularly at this time; that if the real purposes of the law were administered by the Reconstruction Finance Corporation it could do a great deal.

Mr. CAVICCHIA. Also change the law to allow the home-loan bank to loan more than 40 per cent of the value of a home.

Mr. LA GUARDIA. As I say, if the real purposes of the law were administered by the Reconstruction Finance Corporation, the home-loan banks, if the Federal reserve banks had vision and were made to be really helpful, they could do a great deal to put money into circulation and bring down the rates of interest. [Applause.]

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, I have introduced this afternoon a House joint resolution to which I wish to refer, as I feel that while the matter it covers is not of great magnitude in comparison with some of the other problems which confront us, nevertheless it is a question which is of importance to each and every one of us in our communities, and particularly to those affected thereby. It relates to a situation which has arisen out of the operation of the economy act that we adopted during the last session of Congress. My resolution seeks to correct one of the inequalities which has arisen therefrom.

All of us within the last week have read in the newspapers of Washington of the deduction by  $8\frac{1}{3}$  per cent of the meager earnings of the men employed to remove the snow from the streets of this city, and I am sure it must have aroused your interest as it aroused mine, and in the same direction—that you and I, as Members of Congress, never intended that such a deduction should be made.

We now have another problem which is more extensive in its operation than the city of Washington and the District of Columbia. This is the problem of the same deduction applying to every person in your district who was fortunate enough to secure temporary work in the post office during the Christmas holidays. I assume that in every congressional district of the United States some men were fortunate and considered themselves very lucky in being able to secure 2 or 3 or 4 days' work, or possibly 1 or 2 weeks' work; and as a result of this work, economic distress to them and their families being reduced to the extent that they have made some earnings. The  $8\frac{1}{3}$  per cent deduction will apply to them just the same as it was applied to the several hundred men who worked in the District of Columbia, and the purpose of my House joint resolution is to enable the payment to those working in the post offices throughout the country during the Christmas holidays of their full earnings, and not to have this  $8\frac{1}{3}$  per cent deduction applied to the small amount that they will receive.

It would also permit payment to the several hundred who worked in removing snow in the District of Columbia of the amount that was deducted from the small earnings which they made.

This resolution is necessary as a result of a ruling by the Comptroller General, but he is not to blame. The blame lies with Congress. Unconsciously, we employed language, the plain interpretation of which is such that the Comptroller General could make no other ruling than the one he has made. The Comptroller General is no greater than the law, and in accordance with the old tradition and principle of our Government, that this is a government of laws and not of men, the Comptroller General, reluctantly undoubtedly, made the ruling which he has rendered in interpreting the language of the economy act as passed at the last session.

Mr. KETCHAM. Will the gentleman yield?

Mr. McCORMACK. I gladly yield.

Mr. KETCHAM. Is it not true that as soon as this matter was called to our attention by the committee having in charge the Post Office appropriation bill, by a vote of this House we corrected this very thing so far as it applied to the Post Office Department?



Mr. McCORMACK. Exactly. I do not think it was the intention of the Congress at the last session that such a result should follow. Unconsciously, I believe, language was employed which compelled the Comptroller General to make the ruling that he did, which enabled results to flow therefrom which we know from experience have developed and which have resulted in an injustice.

My House joint resolution confines itself to those who removed snow in the District of Columbia or who, during the past several months, have removed snow at any point throughout the country while in the employ of the Federal Government, and it also applies to those who are at present employed during the Christmas holidays in the service of the Post Office Department in a temporary capacity.

I make this brief statement so that the membership of the House may understand the meaning and the purpose of my House joint resolution, with the hope that you will assist me in every way possible to secure its immediate passage and prevent a deduction of  $8\frac{1}{2}$  per cent in the wages earned in this way and also to carry out our intent when we passed the economy bill at the last session of the Congress. [Applause.]

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. DICKSTEIN. Mr. Chairman, word reached me that by a recent order of our Department of Labor, to keep within the appropriations for 1933, all employees in the Immigration Service have been furloughed for a period of one month between January 1 and June 30, 1933. I was also informed that in addition to this 1-month furlough, applicable to all employees of the service, 10 per cent of all immigrant inspectors would be furloughed for a period of six months from January 1 to June 30 next.

All of these furloughs are in addition to the legislative furlough which has been in force with reference to all Federal employees during the current fiscal year.

I believe that the recent ruling of the Department of Labor with reference to the furloughing of immigrant inspectors for six months is decidedly the severest blow which the personnel of the Immigration Service has ever sustained.

I have had several conferences on this subject with the Secretary of Labor, when there was submitted to him concrete evidences of the hardship and other bad effects to the service which would follow the imposition of so long a lay-off of that portion of the personnel least able to adjust themselves to the situation. The Secretary is to be commended for his sympathetic reception of the facts when properly presented to him and for his prompt effort to correct the matter. A new order has been issued whereby the provision for a 6-month payless furlough of part of the immigration personnel is canceled and in lieu a general furlough throughout the service is directed for 30 days between January 1 and the end of the current fiscal year.

I am particularly interested in this service as chairman of the Immigration Committee of the House and I know a large portion of the men in the service personally or through my official connection with the Immigration Committee. I know that this personnel is very devoted, painstakingly honest and conscientious in the performance of their duties, and that the proposed order of the Labor Department is a crushing blow to the personnel wholly unmerited and undeserved.

The proposed action of the department would mean more than the actual loss in salaries to the individual members of the Immigration Service affected thereby. I am afraid it may in many instances have meant actual financial ruin of the individual members and a breakdown of the morale of the entire immigration staff in the various immigration stations throughout the United States.

Mr. BURTNESS. Will the gentleman yield for a suggestion?

Mr. DICKSTEIN. I yield.

Mr. BURTNESS. I want to take this opportunity to commend the gentleman who is the chairman of the Immigration Committee for the splendid work which he did in securing a vacation of the very harsh and severe order that had

been made which would have required 10 per cent of these employees to go along without work and without pay for six months. The gentleman has rendered a real service, and I think there will be many of us who will be glad to cooperate in trying to provide sufficient funds so that these employees may have 11 months' work a year instead of 10 months as they will have under the 30-day order referred to.

Mr. DICKSTEIN. I may go farther and say that they will have less than 10 months' work. I think this was one department that was hit harder than any other department of the Government, because under the order of the Department of Labor they are on a 5-day week in order to make up the 30 days. This would mean practically 52 days, or almost 3 months, when this new 30-day furlough is considered.

Mr. BURTNESS. I had in mind, of course, their one month's legislative furlough. I think it would be quite unfortunate to compel them to take off more time than that without pay, because the salaries they receive are not much more than sufficient to reasonably take care of their families.

Mr. DICKSTEIN. I had occasion to speak on the floor of the House on the circumstance that Immigration Service workers were never too well paid for their labor.

Now, it is hard for them to understand why they should be singled out for this special and most severe act of hardship which will be caused to them if the order of the department is literally enforced.

The Immigration Service of the United States is not only concerned with the examination and inspection of aliens, but is also engaged in many activities ordinarily escaping the attention of the public.

On the contrary, the rigid restrictions of immigration have served to intensify efforts on the part of ineligible aliens to enter this country in violation of law. In the annual report of the Commissioner General of Immigration for 1931, the following statement appears:

The smuggling of aliens into the United States is often a highly organized and lucrative business, reaching out to the home communities in Europe and other parts of the world, including, particularly, foreign contiguous countries. Agents abroad make the contact with the alien, and all manner of fraud and misrepresentations are practiced; the victims are often mulcted of all the funds they possess or can obtain, and even after illegal entry is accomplished are often subjected to blackmail under threats of reporting them for deportation. Some smugglers, however, have a reputation in the trade for maintaining fixed rates, and this, of course, is a means of or inducement for obtaining further business. To combat this bootlegging of aliens, often mingled with the bootlegging of liquor or other contraband, reliance is placed mainly on the ingenuity and resourcefulness of the border patrol in the first instance, so far as entries over the land and certain water boundaries are concerned, to prevent illegal entries or to capture the aliens and their smugglers soon after entry, with resultant prosecution; and, as a second line of defense, upon the inspectors at our ports of entry and the unremitting activities of the field forces to locate and remove the aliens who have been successful in securing admission, and prosecuting those instrumental in engineering the clandestine or spurious entries if and when they can be located. As an indication of this persevering work and comparatively successful prevention of smuggling over our borders, individual and organized, it is recorded that 21,335 aliens and 228 smugglers of aliens were apprehended by the border patrol in the past fiscal year. This was not so easy of accomplishment as the tactics of smugglers are constantly changing and so requires equal fertility of resource by our protective forces.

Thus it will be seen that the activities of the Immigration Service in seeking to prevent the unlawful smuggling of aliens are in themselves a substantial item of work on the part of the Immigration Service.

Back in 1925, Congress recognized the fact that owing to inadequate funds appropriated for the services of a trained personnel to prevent the smuggling of aliens at various points of entry, the border patrol unit of the Immigration Service had to be organized in 1925.

The existence of this border patrol unit required the additional appropriations for the Department of Labor, and, of course, the general appropriations for that service had to be increased. It is generally recognized that this increase in the service resulted in a more thoroughgoing enforcement of immigration laws at the border and very effectively



checked any spread of this dangerous smuggling of aliens into the United States.

Another activity which the Immigration Service has to be largely concerned with at the present time is the task of investigating and deporting aliens who are either not entitled to remain in the United States or who have unlawfully entered the United States. This task is continually increasing and the latest report of the Commissioner General of Immigration shows that during the past 10 years a grand total of 105,782 cases of deportation have engaged the attention of our immigrant inspectors.

I wish at this time to present a brief synopsis of appropriations and expenditures for the Immigration Service since 1907, which I believe will be of interest in our appraisal of conditions as they now exist.

*Immigration Service balance sheet*

| Immigration year | Receipts    | Expenditures | Deportations |
|------------------|-------------|--------------|--------------|
| 1907.....        | \$2,782,103 | \$1,645,373  | (9)          |
| 1908.....        | 3,442,330   | 2,657,779    | (9)          |
| 1909.....        | 3,300,068   | 3,237,669    | (9)          |
| 1910.....        | 4,227,285   | 2,759,671    | (9)          |
| 1911.....        | 3,759,174   | 2,841,330    | (9)          |
| 1912.....        | 3,457,010   | 2,927,009    | (9)          |
| 1913.....        | 4,818,505   | 2,898,754    | (9)          |
| 1914.....        | 5,225,344   | 3,233,954    | (9)          |
| 1915.....        | 1,325,648   | 2,944,548    | (9)          |
| 1916.....        | 810,883     | 2,728,321    | (9)          |
| 1917.....        | 867,534     | 3,012,169    | (9)          |
| 1918.....        | 1,019,227   | 3,786,318    | (9)          |
| 1919.....        | 1,052,217   | 3,498,822    | (9)          |
| 1920.....        | 3,062,665   | 3,097,312    | (9)          |
| 1921.....        | 6,068,396   | 4,011,233    | 2,762        |
| 1922.....        | 2,977,702   | 3,663,010    | 4,366        |
| 1923.....        | 4,651,180   | 3,631,944    | 3,661        |
| 1924.....        | 6,320,102   | 3,732,315    | 6,409        |
| 1925.....        | 4,189,247   | 5,231,689    | 9,495        |
| 1926.....        | 4,229,499   | 5,685,173    | 10,904       |
| 1927.....        | 4,267,782   | 6,190,260    | 12,055       |
| 1928.....        | 3,959,409   | 6,690,100    | 11,625       |
| 1929.....        | 3,518,103   | 7,705,842    | 12,908       |
| 1930.....        | 3,819,520   | 8,447,392    | 16,631       |
| 1931.....        | 2,657,391   | 9,489,079    | 18,142       |
| Total.....       | 85,808,324  | 105,748,066  | -----        |

<sup>1</sup> Averages less than 2,000 cases per annum.

From the foregoing table it would appear that during the period of 25 years the American taxpayers were called upon to pay for the enforcement of the immigration laws a total of only \$19,939,742, or an average per annum of less than \$800,000.

*Results of some of the activities of the Immigration Service during the fiscal year 1931 as taken from the annual report of the Commissioner General of Immigration*

(Official statistical data for 1932 are not yet available for publication, but it is believed they will show progressive increases in the number of deportations, prosecutions, etc.)

|  |            |
|--|------------|
| Aliens deported (expelled) in 1931 (includes 2,719 aliens of the criminal and immoral classes).....  | 18,142     |
| Cases investigated in connection with possible deportation proceedings.....  | 145,770    |
| Criminal and civil actions instituted.....   | 6,282      |
| Convictions secured.....   | 5,927      |
| Writs of habeas corpus defended.....   | 317        |
| Aliens admitted.....   | 446,214    |
| Aliens debarred.....   | 8,233      |
| Aliens crossing Canadian and Mexican borders, examined.....  | 26,481,279 |
| United States citizens returning from Canada and Mexico, examined.....   | 26,510,486 |
| Vessels boarded.....   | 36,181     |
| Alien seamen examined.....   | 1,171,690  |
| American citizens arriving on vessels, examined.....   | 389,908    |
| Reentry permits issued (for which \$358,386 was collected).....  | 107,850    |
| Certificates of registry issued (for which \$289,800 was collected).....   | 16,242     |
| Certificates of registry denied.....   | 2,493      |
| Indigent aliens returned at their own request (during the last 4-month period of statistical year).....  | 541        |
| Personnel, including commissioners and other supervisory officers, inspectors, clerks, guards, matrons, interpreters, etc., stationed at over 200 offices in continental United States, Hawaii, Puerto Rico, Canada, and Europe..... | 2,555      |
| Border-patrol personnel, stationed all along the Canadian and Mexican borders (over 5,000 miles) and certain coast lines.....  | 807        |

Thus it will be seen that the annual expense to the Government for the Immigration Service during the past quarter

of a century, after deducting funds collected for head taxes and other fees paid by the immigrants or by the steamship companies for the inspection of immigrants, is about \$800,000 per annum, a most insignificant sum, compared with the vast and vital results to the country which this service brings about.

The activities of the department and the Immigration Service with reference to the prevention of unlawful smuggling as well as deportations of aliens who have entered this country unlawfully or have become guilty of offenses which make their deportation necessary have been increasing from year to year, and I might almost say day by day.

How the Government will be able to prevent unlawful activities by and on behalf of aliens if the immigration force is curtailed or furloughed for long periods of time is utterly impossible to say at present.

This furloughing of inspectors for a period of six months is something that must be avoided by all means. Owing to the peculiar conditions of the Immigration Service a large proportion of immigrant inspectors are located at stations removed from their homes. I know of instances in my own district at Ellis Island of immigrant inspectors whose homes are in New England or in the West and who are stationed for longer or shorter periods at immigration stations away from their homes. Most of the men have families and dependents and some of them have definitely removed their families into the districts to which they were officially assigned, imagining that they would stay on permanently in the places to which the Government saw fit to remove them.

A good many of them have bought homes and decided to establish themselves permanently either in New York or other places where they may now be working.

If they had been furloughed for six months, as the Government contemplated doing, they surely would have been unable to find any employment in localities with which they have no other connection except the fact that they are officially attending to the business of the Government. Their ties with their home localities have in many instances been completely severed; and yet due to the fact that they have not really become a part of the life in the new communities to which they were sent, they would not be able to obtain work in those new communities and would have had to depend more or less on charity for their support and the support of their families.

It is worth while to observe at this time, that due to official regulations of the Government, the employees in the Immigration Service have not only now been furloughed for one month as have other Government employees but that due to the establishment of the 5-day week plan in the Department of Labor they have actually been furloughed for a period of almost two months in each year.

The Members of this House may recall that in the bill which creates an official furlough for Government employees heads of departments were given the power to establish a 5-day week whenever it was feasible in lieu of the 1-month furlough, which means that instead of losing 30 working days in the year the employees of those departments which have adopted the 5-day week are losing 52 days of service throughout the year, which makes it almost a two months' furlough instead of a 1-month furlough, as contemplated by the framers of our existing furlough plan.

It is significant that of all departments of the Government only the Labor Department, ostensibly organized for the interest of the wage earner, saw fit to adopt the 5-day-week plan, which has such disastrous results for its employees.

Now, if in addition to this existing legislative furlough all of the employees are to suffer the loss of an additional month's pay and 10 per cent of the inspectors a loss of six months' work, I do not believe Congress can stand idly by and permit this situation to come to pass. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Chairman, when the moratorium resolution was up for consideration in the House on December 18, 1931, speaking in opposition to it, I said:

This is the first step to other extensions, then to readjustments, then to reductions, and finally to cancellations. Solemn promises were made when the loans were secured that they would be paid in full, principal and interest. They were readjusted at a very great loss to the taxpayers of our country.

I stated then that I favored the declaration in the resolution, which was contained in section 5, and is as follows:

SEC. 5. It is hereby expressly declared to be against the policy of Congress that any of the indebtedness of foreign countries to the United States should be in any manner canceled or reduced; and nothing in this joint resolution shall be construed as indicating a contrary policy or as implying that favorable consideration will be given at any time to a change in the policy hereby declared.

The Democratic platform, adopted at Chicago June 27-July 2, 1932, contained the following:

We oppose cancellation of the debts owed the United States by foreign nations.

The ink was hardly dry on these declarations when foreign governments commenced conversations with our Government looking to what they diplomatically call "readjustments" of our loans to them, which, in common English, means nothing more nor less than an appeal for a reduction or postponement, and in the end a cancellation of a part, if not all, of this indebtedness.

It must always be remembered by the people that our Government has no money to remit or cancel to foreign governments except that which it gathers through taxes. Therefore, when we reduce or cancel any of our foreign indebtedness, to that extent we shift the burden to the taxpayers of our own country.

Our deficit at the end of the fiscal year ending June 30, 1931, was \$903,000,000. At the end of the fiscal year June 30, 1932, it aggregated the stupendous total of \$2,885,000,000. Special and burdensome taxes were imposed upon our own people, who were already unable to meet the demands made upon them.

The farmers of the country, who represent our greatest basic industry, agriculture, are receiving the lowest prices for their products within the memory of many now living, and certainly the lowest within three generations. Wheat, when threshed, brought to the farmers around 30 cents per

bushel, oats 10 cents per bushel, corn 12 cents to 15 cents per bushel, cotton around 1½ cents per pound in the seed, and livestock—cattle, hogs, and sheep—sold below the cost of production. Business in some localities, largely supported by agriculture, is depressed to the point of bankruptcy. Mortgages are being foreclosed on homes and farms. Literally thousands of our people can not pay their taxes. School warrants are not being paid, and in many localities teachers must discount them at ruinously low rates. Industrial centers see a loss of trade through the loss of the purchasing power of the farmers.

We entered the World War on April 6, 1917. We were under no obligation, legal or moral, to share in the expenses of the World War prior to that date. In 19 months we spent approximately \$22,000,000,000, paying in full every penny of the expenses of our Army during the war. Our Government and our soldiers literally spent billions of dollars on foreign soil. We only asked the poor privilege of landing and making the extreme sacrifice, if necessary, in defense of a flag made glorious by Washington and proudly sustained by Woodrow Wilson.

We even paid for the ground where the mortal remains of our sainted dead sleep beneath the lilies of France. We materially assisted in saving France, and who knows but that this assistance saved the world from German domination for generations to come?

We extended credit to our allies and loaned them \$11,552,354,000. These loans were to be repaid at the same rate of interest we were forced to pay to secure the money. Some of our Liberty bonds bear a rate of interest as high as 4¼ per cent.

I am appending an official table prepared by the Treasury Department which shows (1) the countries with which settlements have been made, (2) the date of agreement, (3) the amount of debt funded, (4) interest to be received, (5) total amount to be received, (6) the amount that would have been received on a British basis (3-3½ per cent interest), (7) total amount that would have been received on a 4¼ per cent interest basis, (8) total amount canceled on a 4¼ per cent interest basis, and (9) total aggregate amount, being \$10,705,618,006.90, canceled, lost, or remitted in all of the settlements:

| Country        | Date of agreement | Funded principal  | Interest to be received | Total             | Total that would be received on British basis (3-3½ per cent interest basis) | Total that would be received on 4¼ per cent interest basis | Total canceled on a 4¼ per cent interest basis |
|----------------|-------------------|-------------------|-------------------------|-------------------|--|--|--|
| Belgium        | Aug. 18, 1925     | \$417,780,000.00  | \$310,050,500.00        | \$727,830,500.00  | \$1,041,597,000.00   | \$1,191,052,000.00   | \$463,221,500.00                               |
| Czechoslovakia | Oct. 13, 1925     | 115,000,000.00    | 197,811,433.88          | 312,811,433.88    | 252,890,000.00   | 327,854,000.00   | 15,042,566.12                                  |
| Estonia        | Oct. 28, 1925     | 13,830,000.00     | 19,501,140.00           | 33,331,140.00     | 133,331,000.00   | 39,428,000.00  | 6,096,860.00                                   |
| Finland        | May 1, 1923       | 9,000,000.00      | 12,695,055.00           | 21,695,055.00     | 121,695,000.00   | 25,658,000.00  | 3,962,945.00                                   |
| France         | Apr. 29, 1926     | 4,025,000,000.00  | 2,822,674,104.17        | 6,847,674,104.17  | 9,708,825,000.00   | 11,474,900,000.00  | 4,627,225,895.83                               |
| Great Britain  | June 19, 1923     | 4,600,000,000.00  | 6,505,965,000.00        | 11,105,965,000.00 | 11,105,965,000.00  | 13,114,172,000.00  | 2,008,207,000.00                               |
| Hungary        | Apr. 25, 1924     | 1,939,000.00      | 2,754,240.00            | 4,693,240.00      | 4,693,000.00   | 5,538,000.00   | 834,760.00                                     |
| Italy          | Nov. 14, 1925     | 2,042,000,000.00  | 365,677,500.00          | 2,407,677,500.00  | 4,923,820,000.00   | 5,821,552,000.00   | 3,413,874,500.00                               |
| Latvia         | Sept. 24, 1925    | 5,775,000.00      | 8,183,635.00            | 13,958,635.00     | 13,959,000.00  | 16,464,000.00  | 2,505,365.00                                   |
| Lithuania      | Sept. 22, 1924    | 6,030,000.00      | 8,501,940.00            | 14,531,940.00     | 14,532,000.00  | 17,191,000.00  | 2,659,060.00                                   |
| Poland         | Nov. 14, 1924     | 178,560,000.00    | 257,127,550.00          | 435,687,550.00    | 1,435,688,000.00   | 509,058,000.00   | 73,370,450.00                                  |
| Rumania        | Dec. 4, 1925      | 44,590,000.00     | 177,916,260.00          | 122,506,260.00    | 107,488,000.00   | 127,122,000.00   | 4,615,739.95                                   |
| Yugoslavia     | May 3, 1926       | 62,850,000.00     | 32,327,635.00           | 95,177,635.00     | 154,651,000.00   | 179,179,000.00   | 84,001,365.00                                  |
| Total          |                   | 11,522,354,000.00 | 10,621,185,993.10       | 22,143,539,993.10 | 27,819,134,000.00  | 32,849,158,000.00  | 10,705,618,006.90                              |

<sup>1</sup> Settlement made on British basis.

This table is official. The figures, prepared by the Treasury Department, can not be disputed. We lose, cancel, forgive, or remit on the settlements with the 13 countries, based on 4¼ per cent interest, the amount we pay on our Liberty bonds, the proceeds from which we loaned these governments, the sum of \$10,705,618,006.90.

It is urged that the foreign governments do not have the capacity to pay. Let us make an examination of the amounts spent by the leading countries for military purposes and compare these amounts with their indebtedness to our Government.

The following table shows the expenditures on armaments for the last fiscal year:

Expenditures for the last fiscal year, as compiled by the World Peace Foundation from the League of Nations Armaments Yearbook

|                |              |
|----------------|--------------|
| Austria        | \$14,507,320 |
| Belgium        | 33,303,200   |
| Czechoslovakia | 51,189,000   |
| Estonia        | 5,520,000    |
| Finland        | 16,457,500   |
| France         | 466,960,000  |
| Germany        | 171,923,040  |
| British Empire | 726,731,065  |
| Greece         | 21,340,800   |
| Hungary        | 20,200,000   |
| Italy          | 248,948,500  |
| Latvia         | 7,860,000    |
| Lithuania      | 5,680,000    |



|                 |               |
|-----------------|---------------|
| Poland.....     | \$92,072,000  |
| Rumania.....    | 53,657,200    |
| Yugoslavia..... | 50,458,000    |
| Total.....      | 1,986,799,625 |

France, on December 15, 1932, defaulted in the sum of approximately \$19,261,432 in her indebtedness to us and she spent \$466,960,000 for national defense.

Greece defaulted in the sum of \$574,920 and spent \$21,-340,800 for national defense.

Belgium defaulted in the sum of \$2,125,000 and spent \$33,303,200 for national defense.

The total amount spent by all the above-mentioned European countries on national defense, as shown by the above table, aggregates the stupendous total of \$1,986,799,625.

The spending of these vast sums for armaments necessitated the United States spending the sum of \$694,884,000 upon her Army, Navy, and Marine Corps.

The people of the United States should understand the very great financial sacrifice made by our Government in making these settlements with the foreign governments through the reduction of interest rates. The following table, compiled by the United States Chamber of Commerce, shows the average rate of interest extended over the entire period of 62 years. I call your attention to the average rate of interest of Italy, which is only 0.41 per cent. The average rate of interest paid by Greece is 0.25 per cent. The average paid by Belgium is 1.79 per cent. We are paying  $4\frac{1}{4}$  per cent on our Liberty bonds. The table is as follows:

TABLE 1.—Obligations of foreign governments as funded

| Country                                | Original principal funded (net) <sup>1</sup> | Accrued interest funded | Total debts as funded (new principal) | Interest to be paid over entire period | Approximate annual average interest rates over entire period | Total of principal and interest to be paid over entire period |
|--|--|-------------------------|---------------------------------------|--|--|---|
|  |  |                         |                                       |  | Per cent   |   |
| Belgium.....                           | \$377,030,000                                | \$40,750,000            | \$417,780,000                         | \$310,051,000                          | 1.79   | \$727,831,000   |
| France.....                            | 3,340,516,000                                | 684,484,000             | 4,025,000,000                         | 2,822,674,000                          | 1.64   | 6,847,674,000   |
| Great Britain.....                     | 4,074,818,000                                | 525,182,000             | 4,600,000,000                         | 6,505,965,000                          | 3.31   | 11,105,965,000  |
| Italy.....                             | 1,647,869,000                                | 394,131,000             | 2,042,000,000                         | 365,678,000                            | .41  | 2,407,678,000   |
| Total of 4 chief debtor countries..... | 9,440,233,000                                | 1,644,547,000           | 11,084,780,000                        | 10,004,368,000                         |  | 21,089,148,000  |
| Austria.....                           | 24,056,000                                   | 559,000                 | 24,615,000                            |  |  | 24,615,000  |
| Czechoslovakia.....                    | 91,880,000                                   | 23,120,000              | 115,000,000                           | 197,811,000                            | 3.32   | 312,811,000   |
| Estonia.....                           | 12,066,000                                   | 1,784,000               | 13,850,000                            | 19,501,000                             | 3.31   | 33,351,000  |
| Finland.....                           | 8,282,000                                    | 718,000                 | 9,000,000                             | 12,695,000                             | 3.31   | 21,695,000  |
| Greece <sup>2</sup> .....              | 15,000,000                                   | 3,125,000               | 18,125,000                            | 2,205,000                              | .25  | 20,330,000  |
| Hungary.....                           | 1,686,000                                    | 253,000                 | 1,939,000                             | 2,754,000                              | 3.31   | 4,693,000   |
| Latvia.....                            | 5,132,000                                    | 643,000                 | 5,775,000                             | 8,184,000                              | 3.31   | 13,959,000  |
| Lithuania.....                         | 4,982,000                                    | 1,048,000               | 6,030,000                             | 8,602,000                              | 3.31   | 14,632,000  |
| Poland.....                            | 150,667,000                                  | 18,893,000              | 178,560,000                           | 257,128,000                            | 3.31   | 435,688,000   |
| Rumania.....                           | 36,128,000                                   | 8,462,000               | 44,590,000                            | 77,916,000                             | 3.32   | 122,506,000   |
| Yugoslavia.....                        | 51,038,000                                   | 11,812,000              | 62,850,000                            | 32,328,000                             | 1.03   | 95,178,000  |
| Total, 15 debtor countries.....        | 9,850,150,000                                | 1,714,944,000           | 11,565,094,000                        | 10,623,392,000                         | 2.14   | 22,188,486,000  |

<sup>1</sup> "Original principal funded (net)" represents the original indebtedness as shown in the last column after deductions by reason of payments made on account of principal.

<sup>2</sup> Exclusive of new  $4\frac{1}{2}$  per cent 20-year loan of \$12,167,000.

The argument has been made, over and over again, that our foreign-debt adjustments require the payment of the principal. That is true, but in the case of Italy we are collecting an average rate of interest of 0.41 per cent and paying on our Liberty bonds  $4\frac{1}{4}$  per cent. With Greece we are collecting only 0.25 per cent interest and we are paying  $4\frac{1}{4}$  per cent on our Liberty bonds.

The following table shows the present status of these debts and the payments under funding agreements:

Present status of debts and payments under funding agreements

| Country                                | Total present indebtedness <sup>1</sup> | Payments received on account under funding agreements for— |               | Total received on account |
|--|---|--|---------------|---------------------------|
|  |   | Principal  | Interest      |                           |
| Belgium.....                           | \$400,680,000                           | \$17,100,000   | \$14,490,000  | \$31,590,000              |
| France.....                            | 3,863,650,000                           | 161,350,000  | 38,650,000    | 200,000,000               |
| Great Britain.....                     | 4,398,000,000                           | 202,000,000  | 1,149,720,000 | 1,351,720,000             |
| Italy.....                             | 2,004,900,000                           | 37,100,000   | 2,521,000     | 39,621,000                |
| Total of 4 chief debtor countries..... | 10,667,230,000                          | 417,550,000  | 1,205,381,000 | 1,622,931,000             |
| Austria.....                           | 23,752,000                              | 863,000  |               | 863,000                   |
| Czechoslovakia.....                    | 167,071,000                             | 18,000,000   |               | 18,000,000                |
| Estonia.....                           | 16,466,000                              |  | 1,247,000     | 1,247,000                 |
| Finland.....                           | 8,604,000                               | 395,000  | 2,249,000     | 2,644,000                 |
| Greece.....                            | 31,516,000                              | 981,000  | 949,000       | 1,930,000                 |
| Hungary.....                           | 1,909,000                               | 74,000   | 394,000       | 468,000                   |
| Latvia.....                            | 6,889,000                               |  | 503,000       | 503,000                   |
| Lithuania.....                         | 6,198,000                               | 235,000  | 892,000       | 1,127,000                 |
| Poland.....                            | 206,057,000                             | 1,287,000  | 19,311,000    | 20,598,000                |
| Rumania.....                           | 63,861,000                              | 2,700,000  |               | 2,700,000                 |
| Yugoslavia.....                        | 61,625,000                              | 1,225,000  |               | 1,225,000                 |
| Total of 15 debtor countries.....      | 11,261,178,000                          | 443,311,000  | 1,230,926,000 | 1,674,237,000             |

<sup>1</sup> Net; payments on principal have been deducted.

When our own Government is in desperate straits in an effort to find new sources of taxation we are justified in demanding that the foreign governments pay us in accordance with our funding agreements. I am opposed to any cancellation, any further reduction, or any postponement.

The deficit in our Federal Treasury on June 30, 1931, was approximately \$903,000,000, and on June 30, 1932, it was \$2,885,000,000. We are asked to vote additional taxes upon practically everything that the tax-ridden people of our country consume. I have not voted for any of these settlements, and shall not vote for any further reduction, cancellation, or postponement.

I am opposed to the creation of a commission, as suggested by the President. That would be an invitation to the foreign governments to begin new negotiations for further reductions or postponements.

The creation of a court by Congress or by a State legislature invites litigants to file suits. Not being in favor of any cancellation or further reductions or postponements, why vote to create a commission?

If a commission were created, it may embarrass us as did the first commission. If we do not favor a further reduction or postponement, why create another commission?

It is urged that we might secure some trade benefits through further negotiations. Let me warn the people of the Nation that these foreign governments will have no hesitancy in finding a way to break any trade agreements when it is to their advantage, and therefore we can not depend upon such agreements to induce us to agree to further reductions or postponements. It is, and must be, to their mutual advantage to make such agreements; otherwise they will not be kept.

Our Government should not hesitate to frankly say to all foreign governments who urge their "incapacity to pay," that they appear to be able to spend enormous sums for armaments and national defense, which thereby necessitates the United States spending approximately three times what we spent in 1913 for these purposes. We spent on our Army and Navy in 1913 in round numbers \$214,000,000. Our expenditures for the current year, \$694,884,000.

Our total expenditures for the fiscal year 1932 hover around \$5,006,590,000. We are meeting our deficit in the

Treasury through the sale of Government securities, thereby increasing our bonded indebtedness.

Let me repeat that we have paid every dollar of our own expenses incurred during the World War, and raised an Army of approximately 5,000,000 men. Regardless of the cost we hastily equipped and drilled them and transported approximately 2,500,000 of them across the sea. We united with our allies on many battlefields until we triumphed on November 11, 1918.

After the war was over we entered into debt-settlement agreements extending the time of payment over a period of 62 years and remitted the sum of \$10,705,618,006.90 through the reduction of interest far below that which we continue to pay on our Liberty bonds. When our taxpayers are heavily burdened and we are trying in every way to find means of taxation to meet our Government expenditures, and when we are trying to economize in every possible way, I submit that it is unthinkable that we should remit additional amounts to governments across the sea that we assisted in saving, and to transfer that burden to the taxpayers of our own country. [Applause.]

Mr. SIMMONS. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, I do not expect to occupy all the time allotted to me. I wish to make one statement in connection with the speech just made by the gentleman from Oklahoma [Mr. HASTINGS], whose remarks on the subject of foreign debts I always follow with interest, because he has presented the matter in his usual clear and concise way.

There is one phase of the European debt subject that has not been discussed to any extent, so far as my knowledge goes.

When the debt settlement resolution was first considered by the committee, of which I was a member, it proposed that the Secretary of the Treasury should have absolute control of all European debt settlements to be made with foreign countries; there was no limitation in any form upon such settlement or of the authority of the Secretary as recited in the resolution.

At that time I asked to have the Secretary of the Treasury come before the committee for further information, and after some discussion by members of the committee the Secretary came. He was then asked what objection there could be to the appointment of a debt-settlement commission, to be represented in part by Members of the House and Senate, who would have equal voice in all debt settlements, also what objection could be had to writing into the resolution that there should be no cancellation of European war debts, and what objection he had to a provision that there should be no substitution of the obligations of Germany or any other country for those of our European debtors. In substance these changes were finally written into the resolution that passed Congress.

The commission thereupon made an extended and careful investigation of the ability of all the different foreign governments to make payments and agreed with the several governments on their future debt obligations based on the amount of money they had borrowed from this Government and their future ability to pay.

In those settlements as then provided one country (Italy) to which the gentleman from Oklahoma [Mr. HASTINGS] referred, received by that agreement a discount of something like 75 per cent from the total amount of money Italy owed this country. France received a discount in the neighborhood of 50 per cent in round numbers, or about the amount loaned her after the armistice by the United States, and other countries in like proportion. The smallest reduction was that given to Great Britain. Those obligations formerly agreed to between all parties were to extend, if I remember correctly, over a period of 62 years, or for more than a half century to come. With a normal increase of 100 per cent in population and several times its present ability to pay before the expiration of a half century, I can not understand upon what theory we should now appoint another board or commission apart from the question of extravagant armament

expenditures by our debtors which the gentleman from Oklahoma has covered. How will new commissions have better intelligence or ability to pass on these matters than those who have already acted, including Crisp, of the House, and Burton, and others then representing us, all of whom gave careful study to the whole subject? How will a new commission be able to predict what might happen in 62 years, so as to make an additional reduction, for it is a reduction and additional cancellation which is now asked for by these debtors? I have not heard that branch of the subject discussed, and it seems to me there ought not be any effort to make more reductions for American taxpayers to meet eventually until we learn what these countries can do after a sincere effort has been shown by them to pay their debts.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes; certainly.

Mr. KELLER. When this comes up I would like to know whether it would not be wise to include in that resolution a provision that discussion shall include the possibility of raising the amount of foreign debts to be paid as well as a possibility of reducing them.

Mr. FREAR. I leave the gentleman to his own action in that respect when the time comes. I do not know that it will ever come before the House for consideration; but, if so, the suggestion of the gentleman from Illinois would be pertinent.

#### PHILIPPINE INDEPENDENCE

Mr. Chairman, I rose to speak briefly on the Philippine-independence question now in conference between the House and Senate. I shall not attempt to discuss at length the merits of a question with which all are familiar or to offer further statistics or arguments, but I do wish to say that the present status of the Philippine independence legislation discloses that we passed the Hare bill in the House last session by a large majority vote of more than eight to one, if I remember correctly, and in that bill gave eight years for completing a severance of relations between the two governments. The bill then went to the Senate. In propositions presented to the Senate the time was proposed to be extended something like 18 years by opponents of independence. Later the Senate reduced the period to 12 years, and final action of the Senate before the conference fixed the time limit of severance at 10 years. There has been pressure brought to bear by American agriculture to be relieved from Philippine importations, including sugar, all of which I believe are fortunate for the Philippine-independence cause. I was a Member of the House when Delegate Quezon was here 20 years ago, when he discussed, as eloquently as any man I have ever heard speak on the floor of this House, the rights of the Filipinos to their independence. Shortly after that I visited the Philippines and studied conditions there. I visited their universities and schools, and also learned many things that would impress the average man favorably as to their capacity for self-government.

I attended their legislature and talked not only with Quezon but with Osmeña and with judges, including Chief Justice Mappa and others then active in the Philippine government. Some of these men are leaders in the independence movement to-day. Their activities have never ceased. There are those who say that the Philippine delegates now here on the commission, as well as those representing the Philippines in the House, do not want immediate independence. They have answered repeatedly and expressly that they do; they have so stated frankly before committees and on the floor of the House. I see no logical reason why after a plebiscite has been declared and a constitution adopted the Philippines should wait an additional period of 10 years or even 8 years, as provided by the House bill. I believe, however, without any prediction of what may happen in the future, that if it is possible to amend that act a future Congress may be disposed to lessen the time, so that we will be relieved from the conditions arising from free importations, and the Filipinos will then have the independence promised them at the time the Jones bill



was drawn, reported, and passed. I was a member of the Insular Committee at that time, and the bill so reported and passed guaranteed independence as soon as they had established a stable government. That they have done. [Applause.]

#### "DRILLING" OF IDEALS

Mr. Chairman, the Washington Post regularly tells Congress what it must do and assumes superior knowledge on all subjects when voicing the views of a publisher who enjoys a lengthy residence in Europe in order to avoid troubles at home. This publication says editorially of the Philippine independence bill passed by the Senate—

That the majority of that people are doubtless pleased with the ideal which has been drilled into them, but they apparently have no conception of what actual independence means.

So the Post tells Congress and the Philippine people in its Christmas issue.

I was a member of the House and of the committee, as stated, that drew the Jones Act, passed by Congress in 1916. That law contained a provision reciting—

It has always been the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein.

The Jones Act, passed 18 years after the United States concluded its peace with Spain, came as a tardy acknowledgment of the debt owed by this country to the Filipinos for helping drive Spanish authority from the islands.

By 1898 the Filipinos had practically wrested all their islands from Spain, and on July 23, 1898, Admiral Dewey said in a cablegram:

In my opinion, these people [Filipinos] are superior in intelligence and more capable of self-government than the natives of Cuba, and I am familiar with both.

On August 29, 1898, Dewey wrote President McKinley:

In a telegram sent the department on June 23 I expressed the opinion that these people [Filipinos] are far superior in their intelligence and more capable of self-government than the natives of Cuba, and I am familiar with both races. Further intercourse with them has confirmed me in this opinion.

Among other competent authorities John Barrett declared before the Shanghai Chamber of Commerce on January 12, 1899:

Aguinaldo has organized a government which has practically been administering the affairs of the great island of Luzon (about the population and area of Ireland) since the American occupation of Manila, which is certainly better than the former administration; he has a properly constituted cabinet and congress, the members of which compare favorably with Japanese statesmen.

These statements I have quoted to the House in the past and the estimates offered 34 years ago to the most influential business organization of the Orient by an acknowledged authority gives a fair understanding of the capacity of the Filipinos for self-government before any aid was ever given them by the United States. Before Commodore Dewey's arrival the Philippine people with their limited armed forces had cleared the islands and surrounded the Spanish in Manila, thus enabling Dewey to put the finishing touch to Spanish control.

Joining the victorious Americans, the islanders expected early independence they had been struggling to gain for many years prior to any Spanish-American War. Their disillusionment and long disappointment have been written in our own history.

#### INDEPENDENCE PROMISED BY EVERY PRESIDENT

I well remember Quezon's eloquent appeals in Congress when a Delegate from the islands and his demand for America's fulfillment of its promise of independence repeatedly given by our public officials from the days of McKinley's administration down to that of Taft. As President Hoover has stated:

The independence of the Philippines at some time has been directly or indirectly promised by every President and by the Congress \* \* \*. The problem is one of time.

The Filipinos have naturally and continually inquired when is that time to come.

Mr. Chairman, those who write of independence being "drilled" in the Filipinos have no conception of the spirit of the islanders or else are hypocritically covering up efforts to retain control of the islands by American financial interests which have no difficulty in finding mouthpieces for their demands as evidenced by repeated editorials by the press against Philippine independence.

Sixteen years after the Filipinos helped us win the Spanish-American War Congress specifically guaranteed their independence with accustomed strings attached. Sixteen years more have passed away, or 32 years since the time they had achieved a workable government, as quoted, and now they are offered that independence with as many strings attached as New York financial interests could tie onto congressional promises.

No one of intelligence doubts that a plebiscite would result in practically a unanimous voice for independence with immediate adoption of their constitution.

As stated, I visited the islands many years ago and talked with Quezon, Osmeña, General Aguinaldo, De Veyra, Chief Justice Mappa, and many others from all walks of life. School-teachers, scholars, Filipinos in business, members of the legislature, judges, and laymen whom I met were then practically unanimous in their expressions for Philippine independence. Officers of the Army, Navy, and Americans in business were then opposed, and are now opposed, to our withdrawal from the islands, based largely on self-interest, but the same spirit that dumped tea into Boston Harbor because of the tea tax is universal among human beings living 7,000 miles from our shores and almost on the opposite side of the earth, an alien race that has the same emotions and aspiration possessed by those who wrested the colonies from their mother country a century and a half ago.

Let us not take undue credit for partial fulfillment of a positive promise that has long been withheld from the Philippines. The warmth of California's present support is accompanied by a tight string prohibiting more than 50 Filipinos from coming into a country annually that for 32 years has refused to release them from the control of that country to which they must still "owe allegiance." An equally enthusiastic, though belated, response to the Filipino's plea now comes from Utah, Colorado, Idaho, and other States because their sugar industry is threatened with a flood of sugarcane competition. So, too, appreciative interest in our 1916 Jones promise has been evidenced by agricultural States that would bar out oils and fats now received from the Philippines. All support, whatever the motive, has been welcomed by the Filipinos in their efforts for independence.

The world at large, measuring our reason in thus granting a long-deferred promise, must question motives that actuate a government which for so long forgot the forgotten man 10,000 miles away in the Philippine Islands.

Even those who have pretended to wait for a stable government before giving sanction to independence are now promised that a \$40,000,000 Filipino debt floated in the United States will be paid when due.

It is not necessary to look the proverbial gift horse in the mouth when studying terms and conditions surrounding the Philippine 8-year Hare bill or the 12-year Hawes bill or 10-year extension of Philippine independence beyond the date of adoption of their constitution, because the gift horse is yet far distant, due to the length of the hitching strap. To those who have urged keeping our pledge of independence it is realized a stable government has long been maintained in the Philippines, and the 10-year postponement is largely a compromise with financial interests in this country. A few illuminating facts are offered in support of that independence.

#### A STABLE GOVERNMENT

Mr. Chairman, first let it be understood that the Governor General, appointed by the President of the United States with the power of veto of Filipino legislation, is a choice political plum for every administration, and draws down an \$18,000 salary with \$12,000 additional for expenses, all paid by the Filipino people.

Suffrage is conferred on men in the Philippines over 21 years of age who own real property to the value of 500 pesos (\$250), or who formerly exercised the suffrage, or who can read and write either Spanish, English, or a native language. In 1925 there were 1,131,137 registered voters; less than 10 per cent are illiterate and about 90 per cent actually vote in elections conducted in the American manner.

In the islands the officials of the municipalities are exclusively Filipinos, as are the officials of the fully organized Provinces. In the central government the legislature is made up entirely of Filipinos and possesses powers which no legislature has in this country. \* \* \* Congress has power to annul any act of the legislature, but has never exercised that power.

The lower judicial officers are all Filipinos. The judges of first instance, with but 2 exceptions, are Filipinos, and of the justices of the supreme court 5 of the 11 are Filipinos. The chief justice is a Filipino. Of the heads of the executive departments, 6 in number, 5 are Filipinos. The attorney general is a Filipino. Prosecuting attorneys throughout the islands are Filipinos.

The personnel of the bureaus of civil service, treasury, and commerce and industry is entirely Filipino and of the bureau of customs and bureau of posts is more than 99½ per cent Filipino.

The American officials are but 1½ per cent of the total in the Government. On December 31, 1928, there were 494 Americans and 19,606 Filipinos connected with the Government. \* \* \* Local municipal government has been instituted in about 893 municipalities and 296 municipal districts.

In 1929 there were 1,163,039 pupils, 36.6 per cent of the 3,179,570 children of school age enrolled in the 7,612 public schools and 93,618 in the private schools. In the four higher institutions 4,776 students were registered. Of the teachers, 292 were Americans and 27,274 were Filipinos. Expenditures for public schools in 1928 aggregated \$14,497,483, or 18.63 per cent, of the total governmental expenditures.

Among the special government institutions are the Normal School, the School of Arts and Trades, the Nautical School, and Central Luzon Agricultural School. The state-supported University of the Philippines in 1928-29 had 5,698 students and the University of Santo Tomás (founded in 1611) about 800.

Delegate OSIAS, in the hearing before the House committee in 1932, page 362, gave a brief picture of recent progress in education in his statement:

When the Americans first went to the islands in 1898 they found 2,160 schools and colleges in operation in the Philippines. To-day we have 8,500 schools and colleges, public and private, and five universities. We have 31,000 teachers, all of whom are Filipinos excepting about 270. We have 1,320,000 pupils and students.

The budget last submitted allotted to education 29.2 per cent [of public expenditures] \* \* \*. In my country he is not an educated Filipino who does not speak two or three languages.

Again he said:

The Philippine Islands have a higher percentage of literacy than 37 of the independent countries in the world to-day.

The percentage of literacy in the Philippines is higher and better than that of Albania, Argentina, Bolivia, Brazil, Bulgaria, Ceylon, Chile, China, Colombia, Costa Rica, Cuba, Greece, Guatemala, Guiana, Haiti, Honduras, India, Korea, Lithuania, Malay States, Mexico, Nicaragua, Palestine, Panama, Paraguay, Persia, Peru, Puerto Rico, Portugal, Russia, Salvador, Siam, Spain, Syria, Turkey, Uruguay, Venezuela, and various countries of Africa and Malaysia.

Delegate OSIAS further said:

The one besetting obstacle to educational work in the Philippines is the lack of a definite status of our country. We have no way of definitely determining what kind of loyalty or what kind of citizenship should be inculcated among the Filipinos. We are not American citizens. We can not be American citizens. We have no self-governing country for which citizenship and loyalty can be taught. And I submit that, under this anomalous status, we can not define the kind of citizenship to teach. It is not possible truly to orient the cultural progress of the Filipinos. It is impossible to develop a permanent educational philosophy that shall serve as our polestar in school administration, management, and instruction. Do you wonder why I say our independence should be granted immediately so that we may know how to orient our civilization and thus usher in a new renaissance in the cultural life of our country?

#### IMMEDIATE INDEPENDENCE

Introducing Sergio Osmeña, acting president of the senate, PEDRO GUEVARA, the able senior Resident Commissioner, also presented to the committee Speaker Roxas and many other members of the Filipino Commission. To an oft-repeated statement that the Filipinos do not ask for immediate independence, President Osmeña, of the Philippine Senate, declared at the outset of his remarks:

There is no truth in such statements. The Filipinos have not changed front. A mere grant of autonomy, without a definite settlement of the question of independence, will not satisfy the Filipino people.

We fully appreciate what America has done for us—her unselfishness, her altruism, her generosity. \* \* \* This is the ninth commission which has appealed to Congress for some definite action on the matter of independence. \* \* \* Mr. Chairman, our plea for independence has been presented many times to this Congress, and I think our attitude is well defined in the record, but if any further statement is needed I would say we are coming here, as we came here before, for independence—immediate independence.

When the Senate proposal was cabled to the islands, Quezon in a forcible statement protested against Filipino exclusion and to a long-drawn-out period of waiting offered by the promised bill and urged upon Congress a fulfillment of its pledge for immediate independence based on its promise when a stable government had been established. The same sentiment has been expressed by every member of the Philippine Commission that was heard before congressional committees.

It has been interesting, if not instructive, to follow part of the debate on Philippine independence in the Senate in order to discover objections urged against its early adoption.

With higher educational advantages than any government of Central or South America, with practically entire possession of the existing government in the Philippines for many years, these islands, with a territory three times that of Ireland and with more than double Ireland's population, 10,000 miles distant from our own seat of government, are peopled with a race that in climate, products, and customs has little in common with our own.

In the 32 years the islanders have seen Ireland, Poland, Finland, and many other nations grow up into self-respecting independent governments, and they have asked repeatedly, "Why does America withhold its promise for immediate independence?"

Critics have found defects in the business management of the islands, but with a surplus in revenues for 1931 estimated at about 10 per cent over expenditures as nearly as can be ascertained, it may well afford an example for our own Government to emulate. Manila's government and that of the islands are not greatly to be improved by imitating the financial records of New York City, Chicago, and other extravagant, grafting, wasteful municipalities that evidence their own absence of stable governments.

Mr. Chairman, the Philippine Island bonded debt, including bonds of Provinces and municipalities mostly for public works, June 30, 1930, was \$75,098,500, with \$30,117,000 in the sinking fund. This is a far better promise of payments for its bonds than will be found in many securities held by the average banking institutions of this country, and particularly with those that have depended upon payments of debts from European and South American governments.

Resources of Philippine banks and trust companies on July 5, 1931, were \$116,000,000, with deposits of \$62,000,000. These figures, taken from American sources, speak for themselves.

In this brief résumé of Philippine business and official evidences of a stable government it may well be suggested that high financing as practiced by our own Chicago Insull or New York's galaxy of international bankers that placed billions of valueless bonds of European and South American countries in the vaults of American banks all afford no examples of honesty or business ability that will appeal to the Philippine government.

The tone of superiority indulged in by a portion of our own press and people indicates that we should first clean our own dooryards before offering present American practices to islanders seeking their promised independence.

The most serious problem faced by the islands is in completing a readjustment of economic relations with other countries of the world. Affecting this readjustment Congress might with mutual profit adopt a favored-nation relation with the Philippines like that possessed by Cuba.

Any readjustment will involve sacrifices, but that has been the price with every nation when securing political independence. It should also be remembered that this Congress can not bind its successors, and when it has been urged that a subsequent Congress may lessen the time of probation before cutting the bonds that bind the Philippines to us it



should not be forgotten that powerful opposition interests in this country may be equally concerned in a longer delay, with all the possibilities that would then attach.

An aroused national sentiment has moved Congress to keep the pledge contained in the Jones bill. The Filipino leaders are as wise as their American brothers; they are as familiar with our political and legislative history as many of our own people. They should treasure the independence to be granted, which is rightly theirs, whatever may be the sacrifice.

#### INDEPENDENCE HAS ITS PROBLEMS

Those who know them have faith in them. They will make mistakes; they will have disagreements; they will face many problems, but, studying America's record in the mirror of recent experiences, the less we say about such matters and the less we talk about stable governments, the better.

Since the close of the Spanish-American War, Quezon, President Osmeña of the senate, and General Aguinaldo have been outstanding and active leaders of the Philippine-independence movement. Their courage and persistence have never flagged. I believe they have kept faith with their people and inspired their followers with confidence in their cause. Opposed by a financially influential force in the most powerful nation in the world, they remembered that 13 comparatively helpless colonies successfully broke their bonds from the most powerful empire of the early eighteenth century. Relations then severed came through force and left resentments that lasted for a century in the minds of both peoples.

Economic arguments and just treatment of the highly intelligent, industrious Filipino people have been more potent than physical force in bringing about tardy recognition of their cause. Continued delay involved in the present proposal has been vigorously protested by their representatives and it is our obligation to end at an early day the uncertain relations that have so long existed.

Ridicule and abuse, weapons of financial interests that control press agencies have ascribed independence aspirations alone to views of island "politicians." That argument was offered by the Tories of Britain and America to discredit our own independence movement. It is employed now by financial interests that pretend to be more interested in the welfare of an alien people 10,000 miles distant from New York than the Filipinos are in their own future.

It professes to believe that patriotism and love of one's own people died when Washington and Patrick Henry and the army of men who loved their country more than favors from King George fought for independence. It ignores the activities of Sun Yat Sen of China, Pilsudski of Poland, Gandhi of India, and patriots of Ireland who in our own day and age have voiced their rights of liberty not measured by the selfish reasoning of an alien people and not understood by the spokesmen for an American publisher whose own liberty, like that of Insull but for different reasons, is best found in Europe.

Practically on the anniversary of the great patriot Rizal, whose name is enshrined in the hearts of the Filipino people, an independence measure is squarely met and will be passed by Congress. If it becomes law it will be for the Filipinos to adjust themselves within a decade to their new national status. The good will of all liberty-loving Americans goes with them in their hour of a long-delayed but final peaceful victory.

Mr. SANDLIN. Mr. Chairman, I yield five minutes to the gentleman from New Jersey [Mr. STEWART].

Mr. STEWART. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there any objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. STEWART. Mr. Chairman, I am sure that we all rejoiced this morning to hear that the great State of Georgia is to celebrate the two hundredth anniversary of its found-

ing as a colony. The achievements of the State of Georgia are now a part of the history of our country, of which we may all feel proud. I am sure that the high respect in which we have held that State has been increased as we have come to know and respect the Representatives from that great State.

Therefore I was more than surprised this morning when one of the Representatives from that State rose in his place and proceeded to criticize the great Governor of the State of New Jersey for an action which he had taken in his official capacity, after conducting a careful investigation and a public hearing of the facts connected with the extradition of an alleged criminal. I am sure if the Delegates from the State of Georgia had had the pleasure of acquaintance and association with our great governor they would have the high respect and affection for him that I hold. The evidence that was presented before our governor, if I am correctly informed through the newspaper accounts, was taken over an extended period, was gone into most minutely, and at the end of the examination the governor decided that he could not honor the requisition which had been served upon him or presented to him by the Governor of the State of Georgia in reference to this man. I am afraid that the gentleman from Georgia has acted on the assumption that it is mandatory in the case of a governor of one State to honor the requisition of a governor of another State.

I am sure that on more careful consideration the gentleman from Georgia will realize that in the nature of these cases discretion is vested in each governor who has this question before him. Our governor is one of the most generous men in his treatment of those whom he believes are the oppressed, who have not had a square deal, that it has been my pleasure to meet.

Our governor is one of three in the history of our State who has been honored with a second election to this great office, our constitution forbidding a governor to succeed himself. On the occasion of his first election he received a majority of about 15,000 votes and on his most recent election a majority of over 235,000. He has held high and distinguished offices in our State for over 20 years, and his deep interest in the unfortunate, the crippled, and particularly physically handicapped children has earned him recognition as a humanitarian all over the United States.

It has been my pleasure to know our illustrious and beloved governor for many years, and I have served under him in offices which I have held in the State of New Jersey. If, in the judgment of the gentleman from Georgia, the Governor of New Jersey has erred, I can assure him that it has been on the side of mercy and humanity.

May I suggest that this hardly seems the proper forum to discuss the official actions of the Governors of the States of Georgia and New Jersey, when they are acting within their own respective jurisdictions.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. SANDLIN. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Chairman, I have no desire to continue a discussion which perhaps is not very appropriate in the Hall of the House of Representatives, that concerning the attempted extradition of the convict Burns from the State of New Jersey to Georgia. I have, as yielded me by the gentleman who is in control of the time, only five minutes in which to discuss the matter at all. I did not object to the request of the gentleman from New Jersey [Mr. STEWART] that he might extend his remarks in the RECORD. I make for myself the same request, Mr. Chairman, with the addition that I shall be permitted to extend, in connection with my remarks, two very brief editorial expressions on this subject matter, one from the Washington Post and another from the Atlanta Constitution.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia to extend his remarks in the manner indicated?

There was no objection.

Mr. TARVER. Mr. Chairman, it is always an unpleasant duty to discuss a matter in which the feelings of citizens of two States have become aroused by conflicts between their officials and as to which State pride leads inevitably to intemperate and illogical statements that would be better left unsaid. At the outset, permit me to say that as an American I am proud that there is numbered among our sisterhood of States the great Commonwealth of New Jersey, with her glorious history, her illustrious men and women of the past and of the present, who have made and are making that history, and I feel the closest ties of friendship with her people, who, in the main, I am sure, are not different from those of other States of this Union in reason, justice, and all the qualities which go to make up the average American citizen.

In saying that, I take no jewel from the crown of Georgia, which in 200 years has established for herself a record equally as glorious as that of any other State, made by men and women to whom there are no superiors anywhere on God's green earth, and whose fairness and efficiency in their own State government, whose intelligence and broadmindedness in dealing with problems affecting human rights, mark her as the peer of any other State.

When Georgia was subjected to unfair attacks by ex-convicts and others in an effort to further their personal ends she had the right to assume that her sister, New Jersey, would not undertake to put her on trial and convict her on their ex parte evidence. That it did so is the fault not of her citizens as a whole but of the official who for the moment heads her government and who apparently could not resist the temptation to play to the galleries by having a hearing of a sort and rendering a decision of a character which he knew would be heralded far and wide and accepted by the unthinking and the uninformed as showing him to be an unusual and magnanimous executive.

And yet every lawyer knows that the kind of evidence he heard had no relation to the issue raised by the extradition proceedings in the Burns case, and that against it the State of Georgia had no duty or opportunity to defend itself, and every well-informed citizen of Georgia or person who has visited that State for any length of time knows that his conclusions on that issue were false.

I have had almost 29 years' experience as a member of the Georgia bar. For more than 10 years of that time I served as judge of the superior courts in six counties of the State. Having continual occasion during that period to sentence men for crime and a natural desire to know the character of punishment to which I was consigning them, I frequently visited the State farm and the chain gangs. A penal institution of any sort is not a place of recreation. Whether employment on a State farm and out in the open on the public roads is preferable to confinement in a penitentiary is a debatable question. If I were a convict, I would prefer the open air, especially in the South where there are few days, even in the winter, when it is unpleasant to be outside. But this open-air employment makes it difficult to adequately guard prisoners, especially those of a desperate character. Light chaining is sometimes necessary. I have never been informed that it has been entirely abolished even in the great penitentiaries of other States, where confinement is inside stone walls. But prisoners who show a submissive spirit and are apparently willing to be orderly are not chained. They are trusted when they show themselves worthy of trust.

Among all the prison guards in Georgia there are, doubtless, some who are inhumane. The same thing could be said of any State in the Union. Whenever evidence of inhumane conduct is brought to the attention of the prison commission, they are removed, just as they would be elsewhere. So far as whipping is concerned, it was abolished in Georgia years ago. Since the days of Gov. Thomas W. Hardwick no convict has been whipped in Georgia. Other forms of punishment are used for those who refuse to submit to authority, but, as authorized by the prison commission, they are humane. Georgia's penal system is not perfect, but may be favorably compared with those of most

States. Certainly no fair-minded, well-informed governor would ever have undertaken on an extradition proceeding to try Georgia for her conduct of her penal institutions, nor upon the ex parte evidence of ex-convicts, to have convicted her.

So far as the offense of which Burns was convicted is concerned, it makes no difference whether, when he robbed a store, he got \$5.85 or \$5,000. He who attempts robbery by force should be severely punished, even if he fails to get a cent. If there had been \$10,000 in the till, who doubts he would have taken it? Are we to punish highwaymen according to the size of the loot they obtain?

That is too ridiculous to require argument before sensible men. Above all, it was not a question for a governor to consider upon extradition proceedings. What lawyer will question that assertion?

Georgia has enforced her penal laws with reasonable success. She has not adopted harsh laws. Her courts and juries are merciful. I cast no reflection on any other State when I say that the penal system of my own is such that no publicity-seeking governor of any other Commonwealth can stain her reputation with fair-minded persons who know her and know her people, by an ultra vires decision of the character rendered in the Burns case by the Governor of New Jersey.

[From the Washington Post of December 24, 1932]

#### FLOUTING THE CONSTITUTION

Gov. A. Harry Moore, of New Jersey, made a curious decision when he refused to extradite Robert Elliott Burns, fugitive from a Georgia chain gang. He also ignored a very important section of the Federal Constitution. Apparently the governor was swayed by the tales of cruelty that were freely told by persons claiming to be familiar with the administration of law in Georgia. At any rate he took upon himself, as Governor of New Jersey, the authority of thwarting the machinery of justice of another State.

The Constitution is very plain on the subject of extradition. It says:

"A person charged in any State with treason, felony, or other crime, who shall flee from justice and be found in another State, shall, on demand of the executive authority on the State from which he fled, be delivered up to be removed to the State having jurisdiction of the crime."

In view of this plain mandate to surrender fugitives from justice, the hearing which Governor Moore conducted was a farce. It is not his responsibility to pass upon the Georgia penal system. Governor Moore says that he decided the case "on its merits." Thereby he constitutes himself a judge and jury for the adjudication of a case arising under the laws of another State. He has no authority to pass on the merits of the case.

Only one question could properly arise in the hearing conducted by the governor: Is the defendant a fugitive from justice? It was freely admitted that Burns was a fugitive. Even the man whom he robbed was in attendance at the hearing. The whole case against his extradition was built up on the alleged cruelty of Georgia officials to convicts serving on chain gangs in that State. Obviously, the manner in which Georgia handles its prisoners is not the business of a Governor of New Jersey.

If the precedent set by Governor Moore should become general, conditions would be intolerable. State lines would become barriers behind which any criminals might hide. This is exactly the sort of chaos which the Constitution makers sought to avoid. They knew that the States could not hold together unless they all recognized and respected the rights of each to administer justice in its own way.

The abuse of justice in Georgia, if there is abuse, is a matter that concerns the people of that State. It can not be corrected by the government of another State.

[From the Atlanta (Ga.) Constitution of December 23, 1932]

#### SLANDERING A STATE

The refusal of Governor Moore, of New Jersey, to honor the requisition of the State of Georgia for the return of the escaped convict Burns is not material except as viewed from the standpoint of the reflection cast upon Georgia in the proceedings.

During the hearing before the New Jersey Governor the good name of Georgia was, in a manner totally unwarranted by the facts, dragged in the mud by discredited radicals and representatives of organizations busily engaged in stirring up trouble throughout the country under the guise of "humanitarian" efforts.

The people of Georgia were pictured to the world as approving sweat boxes and stocks in their prison camps. Pictures showing various kinds of brutalities, and which were specially posed to illustrate cruelties that do not exist, were presented and apparently accepted at their face value.

Burns himself stated that the charges in his book were exaggerated and that further exaggeration took place in the filming of the motion picture from the book, the producers admitting



that they resorted to "poetic license" for the purpose of dramatization.

Busybodies who know nothing of conditions in Georgia, and whose main purpose was evidently to conceal the truth rather than to reveal it, declared that if Burns were brought back to Georgia he would be lynched—an absurdity on its face.

John Spivak, author of a recently published book on prison conditions in Georgia, in which he portrayed them as worse than the black hole of Calcutta, was asked if the prison authorities knew his pictures, some of which afterwards were proven not to have been taken in the camps, were being taken. "Yes," he replied in adding his testimony to the mass of palpably false evidence, "that's the horror of it; they do not think it bad."

The false charges against prison conditions in Georgia are a calumny on the State and on the members of its prison commission—men of as high type as are to be found in any State, and not one of whom would tolerate for a moment any such brutality as that charged.

The people of Georgia abhor brutalities in the treatment of criminals, and the State prison commission has endeavored to surround the prisoners under their keeping with every safeguard. Georgia was one of the first States of the Union to institute reforms in prison methods, and the lash disappeared here long before it did in other States.

The injustice to Georgia does not exist as much in the refusal of Governor Moore to honor the requisition for Burns as in the wide publicity given to the false and defamatory charges about conditions in this State.

The situation was aggravated by the efforts of radical organizations which, under the pretense of seeking to protect an individual from "injustice," lent a willing hand in slandering and villifying the State.

Mr. SIMMONS. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. GARBER].

Mr. GARBER. Mr. Chairman, members of the committee, the consideration of the agricultural appropriation bill now pending naturally prompts the wider inquiry as to the prospect for remedial legislation for the basic industry. We have devoted three weeks of this session to beer. Can we not afford to devote the ensuing three weeks to bread, bread for the hungry families of the 10,000,000 laboring men out of employment through no fault of their own, and bread that will yield a reasonable return to the farmers producing the raw material?

Our Democratic friends have been in control of this House since December, 1931, and have been charged with the responsibility of major farm legislation. How well have they discharged that responsibility? It is true that during the last session emergency legislation was under consideration and occupied most of the time, but in this session there is no such alibi. The Democratic majority of this House will receive the support of at least 50 or 75 Members on the Republican side in behalf of any major piece of farm legislation that is fairly reasonable and effective. [Applause.] I am not addressing the Membership of this House so much as I am addressing the leadership of the House in insisting upon putting into the headlines of the daily papers the urgency and need of beer legislation.

It is more important to legislate to restore prosperity to the farmers and to the people of this country than it is to restore prosperity to the brewers of the country. [Applause.] There is no denying the fact, Mr. Chairman, that the brewers of this country will receive five-sixths of the benefits of the legislation enacted, if it ever becomes effective. You are not deceiving the public. You are creating one of the greatest monopolies, outside of the importation of oil, that there is in this country in the bill which you recently sponsored.

It is admitted that the relief sought to be extended through the Reconstruction Finance Corporation has not materialized except to the railroads, the banks, and the financial interests of the country.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. GARBER. I yield to the gentleman from Nebraska.

Mr. HOWARD. Does my colleague blame the Democratic Party for the laches of the Reconstruction Finance Corporation, for their failure to get the money where Congress intended it to go?

Mr. GARBER. No; I am not blaming any party. That legislation was predicated upon the theory that if you extended relief at the top it would filter down to the bottom, that if you extended relief to the banks it would pass down to the depositors and the business interests of the country. While it has protected the depositors, it has not fulfilled

expectations to the trade activities; the banks have not passed the relief on to the country; they insist upon maintaining their liquidity.

Mr. HOWARD. Will my colleague yield again?

Mr. GARBER. I gladly yield to the gentleman from Nebraska.

Mr. HOWARD. In view of the statement of my colleague, I know he will be interested in a modest little resolution which I introduced this morning, a resolution calling upon the Reconstruction Finance Corporation to make a report to this House of all its doings during those four months of concealment, the four months when there was no publicity, not alone on the loans it made but also on its commitments. The resolution will be back in seven days, and I know the gentleman will support it.

Mr. GARBER. An impartial administration will welcome any investigation to clear up controversial matters.

Mr. HOWARD. That is right.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. GARBER. I yield to the gentleman from Michigan.

Mr. KETCHAM. Will the gentleman please give his definition of impartiality? What would he regard as an impartial administration?

Mr. GARBER. Impartial?

Mr. KETCHAM. Yes; what would be the gentleman's definition of it?

Mr. GARBER. The word speaks for itself; it is not ambiguous.

Mr. KETCHAM. I know; but the gentleman would have a particular interpretation of it. Evidently, from his remarks, he thinks there has been some partiality, and I wish he would give us his definition of "impartial."

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. GARBER. I yield.

Mr. SNELL. Does the gentleman know of the case of any small bank which has made application for loan upon reasonable collateral which application was turned down?

Mr. GARBER. I know of certain small banks in the West which made applications for loans. As to whether or not the security was adequate I am wholly unable to answer.

Mr. SNELL. My only experience has been in connection with two small banks in my section of the country. I think each of them had a capital of \$25,000. They had no trouble whatever in securing loans. They had good collateral and they received their loans. From the fact, as I remember the figures now, that 70 or 75 per cent of all the loans have been made in communities of 5,000 population or less, it seems to me the gentleman's charge that the corporation has favored only the big banks is not borne out by the facts.

Mr. GARBER. It is not my intention to make such charge. Such charge has been made in the press.

Mr. SNELL. If there is anything to investigate, I see no reason for not investigating it; but the facts appear from published reports that over 70 per cent of the loans have been made in small communities.

Mr. GARBER. That is undoubtedly true; but the 70 per cent of the loans made may not measure the amount of the loans, but would only refer to the number of loans.

Mr. SNELL. I am talking of the total amount. The gentleman said he did not think the aid extended to the banks had filtered down to the depositors and business men. If the Reconstruction Finance Corporation loaned money to a bank in any community and saved that bank from going into receivership, does not the gentleman think a real service has been done to the people of the community?

Mr. GARBER. As far as it went; undoubtedly.

Mr. SNELL. That is what they are doing all over the country.

Mr. GARBER. Yes; in the preservation of deposits.

[Here the gavel fell.]

Mr. GARBER. May I have five additional minutes?

Mr. SIMMONS. Mr. Chairman, I yield the gentleman from Oklahoma five additional minutes.

Mr. SNELL. In doing that, then, they have helped the common man on the street?

Mr. GARBER. Yes. My statement is that the legislation was not of fundamental character to reach the producers.

Mr. SNELL. I am not arguing that.

Mr. GARBER. It did not begin at the bottom.

Mr. SNELL. I am not arguing that at all. I questioned the statement the gentleman made that the benefits have not filtered through to the man on the street. I maintain the facts show they have.

Mr. GARBER. They never filtered through to the extent of creating a market for the products of industry, which is essential to the employment of labor.

Mr. SNELL. I agree with that statement, but I do not think the gentleman's bare statement is borne out by the facts, and I do not believe the gentleman intended to make it in exactly that way.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. GARBER. I yield.

Mr. CHINDBLOM. Does not the gentleman believe that the prime purpose of the legislation embodied in the Reconstruction Finance Corporation act was to preserve and protect what is well known as the credit structure of the Nation?

Mr. GARBER. That was the purpose of the legislation.

Mr. CHINDBLOM. That was the principal purpose, and has not that purpose been accomplished? I may say to the gentleman that, of course, individual banks may complain and individual industrial concerns may complain because they did not happen to get what they thought they should have, but has not the credit structure of the Nation been protected and preserved during this critical time?

Mr. GARBER. The credit structure of the Nation has been temporarily relieved, but not fundamentally.

Mr. CHINDBLOM. How can the gentleman say "temporarily"? Let us hope it is permanent. Why suggest it may not be permanent?

Mr. GARBER. Because it is not fundamental, because the trade activities of the country down below have never been stimulated to activity. That is the reason. I am not going to permit myself to be misconstrued in regard to this financial agency. My contention is that it was necessary legislation of a temporary character to relieve an emergency condition, and it has never reached the foundation or the basic industry of the country upon which the prosperity of the Nation depends. This is my answer to that question. To illustrate, you approach an investor for investment in a mill or factory that is now idle with a proposition for him to buy the stock at 25 or 50 per cent of its par value. Is he going to accept it? No; his first inquiry is, "Where is there a market for the products of this mill or factory," and a survey would show that there is not any market. This is the trouble with the country to-day. There is not any market at home, and there is not any market abroad; and in the absence of a market, what are you going to do? In the absence of a market you have only one recourse, and that is to create a market. Where are you going to create a market? There is the only place where you can create a market, and that is with the 40,000,000 people living in the rural districts and on the farms of this country. By increasing the price of farm products you will restore the purchasing power of 40,000,000 people, and thereby they will become consumers of the products of the mills and factories, and capital will invest and give employment to labor.

Mr. CHINDBLOM. Will the gentleman yield further?

Mr. GARBER. I yield.

Mr. CHINDBLOM. No one will disagree with the gentleman in the statements which he has just made, but certainly the purpose of a finance corporation is to preserve and protect the financial structure and not to engage in industry or agriculture or any commercial activity.

Mr. GARBER. That is true. But we must have supplemental legislation for the basic industry.

Mr. CHINDBLOM. And, of course, we all hope this plan is temporary. We do not want any such organization to be permanent.

[Here the gavel fell.]

Mr. SUMMERS of Washington. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. GARBER. In answer to the gentleman from Illinois, the hearings on the Finance Corporation act, especially with reference to the provision authorizing loans to railroads, will disclose that the executives of the roads at that time stated that they would be content with loans to the extent of \$75,000,000 or \$100,000,000 to pay the coming due interest on their obligations, but the loans now exceed \$254,000,000, and the National Transportation Committee and the Board of Railway Executives now insist that the base must be broadened for additional loans.

Mr. CHINDBLOM. If the base is broadened, of course, the operations of the Reconstruction Finance Corporation will then be on a wider scale; but that suggestion does not prove that at the present time, and up to the present time, the corporation has not performed the functions for which it was organized. If you expand the functions, you will get a wider activity, of course.

Mr. GARBER. I am not attempting to prove maladministration on the part of the Reconstruction Finance Corporation Board. I simply take the position that the legislation, while necessary, was of but a temporary emergency character and has not fulfilled the expectations of relief to the farmers and the unemployed. I seriously question the advisability of broadening the base of the reconstruction act so as to remove the present requirement of "adequate security," and I insist that supplemental legislation is necessary to create a market for the products of industry by restoring the purchasing power to farm products.

Anyone who will recall the threatening and menacing conditions existing between October 1, 1931, and August 31, 1932, must readily admit the necessity for the preservation of our financial structure and the legislation enacted. During that period, and prior to its enactment, 4,835 banks failed, with deposits of \$3,263,049,000. It was to protect the \$40,000,000,000 on deposit in the remaining banks that the Reconstruction Finance Corporation was created and authorized to extend the necessary financial assistance. The corporation has loaned \$1,250,000,000 to 5,000 institutions. This amount includes \$750,000,000 to some 4,250 banks and trust companies, \$67,000,000 to 73 insurance companies, \$81,000,000 to 60 mortgage and loan companies, and \$65,000,000 in 500,000 individual loans to farmers for seed and planting of crops. Up to September 30 the Reconstruction Finance Corporation loaned to the carriers \$264,366,933. Of this amount only \$36,451,000 was loaned for improvements and to furnish employment to labor and \$150,000,000 to enable the roads to pay their coming-due indebtedness.

I question the advisability of the Interstate Commerce Commission's approving and the corporation's making loans to the roads to pay their indebtedness to the large financial institutions of the country, amply able to carry them. I refer to the Missouri-Pacific loan of \$5,750,000 to pay J. P. Morgan & Co., loans of \$6,000,000 and \$5,000,000 for the Nickel Plate, and the loan to the Baltimore & Ohio of \$8,000,000 to pay Kuhn, Loeb bankers.

I regret that the limitations on my time will not permit me to yield to further interruptions.

#### PROSPERITY ORIGINATED IN THE FURROW

We too often forget the A B C's of the fundamentals. From whence did prosperity originate? Not in Wall Street; not in the stock exchanges or boards of trade. Prosperity did not originate in the cities, with their mills and factories and skyscrapers. It did not originate in their counting-houses, their mercantile establishments, or their banks. Where, then, did prosperity originate if not in any of these sources? Prosperity originated in the soil, from the furrow in the field. There is where we lost it, and we must return to that furrow to find it. That furrow represents agriculture, the basic foundation industry, with its 40,000,000 people living in our rural districts and on the farms. When the furrow yielded a reasonable return, it was the abiding place of prosperity and democracy; but how different are the conditions prevailing throughout the industry to-day! Producing below the cost of production for 10 years in succession, hoping each year for better prices, borrowing money



each year to carry on, and thus postponing the evil day that is now upon us with this depression, agriculture presents a scene of dilapidation and despair.

**EVEN THE UNITED STATES CHAMBER OF COMMERCE RECOGNIZES THE PRIMARY IMPORTANCE OF AGRICULTURE IN OUR ECONOMIC STRUCTURE**

The United States Chamber of Commerce is composed of representative business men throughout the United States. Like other organizations, they have been representing the interests of business throughout the country. Until quite recently they have refused to recognize the dependency of business upon the basic industry and have given little consideration to its problems. Its agricultural committee, composed of 14 representative men from as many different States, finally recognized the plight of agriculture and its importance in our economic structure. Through its chairman, the committee made the following comment:

It is the sense of the agricultural department committee that the true plight of the American farmer is not generally known. The value of farm products is so low that farmers are experiencing great difficulty in meeting their obligations. Wholesale delinquencies in these obligations must be expected. The purchasing power of the farmers is severely reduced. He can not be the customer of industry or commerce. His reduced purchasing power not only affects him individually but destroys the buying power of whole communities which depend upon his trade. The railways serving agricultural territory are affected. Their revenues are seriously impaired, and all labor is affected. Already strikes of taxpayers are numerous, and tax delinquencies in many States have reached proportions where States will find difficulty in functioning on account of lack of revenues. There has been a 10-year period of depression for the farmer. The period of prosperity which the balance of the country enjoyed for several years never reached the farm. The situation calls for drastic action on a parity with the action taken during the war.

**PRESENT CONDITIONS JUSTIFY MY PREDICTION OF EIGHT YEARS AGO**

In discussing the conditions of agriculture in this House on May 17, 1924, I said:

The temporary prosperity now existing has been exacted from the credit and credit momentum of the farmers given to them by increased credit facilities of recent legislation, but such increased credit facilities have almost been exhausted. While they have been furnishing 40 per cent of the home market, which in turn consumes 90 per cent of all our products, they can not do it any longer. Their purchasing power has been exhausted. The indebtedness contracted by them during the high prices, in response to the appeal of the Government for increased production, remains unpaid. They are no longer able to meet the daily exactions of the high cost of living and high industrial prices, the annual demands of high taxes and interest charges. They have ceased buying farm implements or making farm improvements or necessary repairs. Even now they are drawing on their last reserve—their remaining equity in their land.

Another year of ruinous prices and the farm will be sacrificed. His farm—"the best home of the family"—will be sold at sheriff's sale and the ancient independence of our once proud agriculture will be gone. What will be the result when 40 per cent of the purchasing power of our home market is gone? Can there be any doubt as to what the result will be? Curtail industrial production 40 per cent and what will you have? You will have closed mines, closed factories, silent mills. You will have millions out of employment, hungry women and children, bread lines, and widespread dissatisfaction and discontent.

Existing conditions fully justify such prediction. During the last three years the gross income for agriculture has shrunk from \$11,000,000,000 in 1929 to \$5,200,000,000 in 1932, a shrinkage of approximately \$6,000,000,000 in three years. Such shrinkage is reflected in the present prices for the basic crops. The farmer is now receiving 27 cents for No. 2 hard winter milling wheat, 6 cents per pound for cotton, \$2.30 for hogs, 12 cents for corn, 17 cents per pound for butterfat, \$2.75 for beef cattle. Such ruinous prices are approximately but one-third of the actual cost of production. But the farm mortgage has not shrunk. The interest payments have not shrunk. Taxes are being reduced, but are still high. Tax liens on the farms are being foreclosed. The farmer's taxes remain unpaid. His past-due mortgage is being foreclosed. Farmers by the thousands are being daily dispossessed of their homes. The complete collapse of the industry demands immediate emergency relief. The farmers can not endure another season of such prices which represent no purchasing power. They can not continue to produce below the cost of production.

**THE COSTS OF GOVERNMENT MUST BE REDUCED**

How can we help the farmer in his desperate financial straits?

First. We can reduce the cost of government. This is a twofold responsibility—Federal and State. The Federal has already made a good start. In the last session Congress cut appropriations and effected economies to the extent of \$1,007,000,000 below the previous session, and its committees are now at work holding hearings for still further reductions which will be made.

But Congress can not reduce the State and local taxes, and they compose nearly all of the taxes the farmers pay. The State and local subdivisions alone can reduce such taxes. The State legislature can and should go still farther. It can provide an emergency exemption from taxation, say, for a period of five years, of 40 acres out of 160, 20 out of 80, and 10 out of 40 acres used for farming purposes and while used and occupied as a homestead. The farmers are entitled to such exemption under these conditions, because they are forced to produce below the cost of production and can not use the cost-plus system to pass the taxes on to the consumer. Assuming that his taxes were \$100 in 1914, they have steadily increased until they reached the enormous amount of \$266 in 1930. Land is the principal of farm valuation; and unless the farmer can sell his products at a profit, he can not pass the taxes on. When he sells, he must take whatever he can get, whatever he is offered—just now 27 cents for wheat that cost him 75 cents to produce, 12 cents for corn that cost him 35 cents to produce, 6 cents for cotton that cost him 12 cents to produce. He can not sell everything off and go out of business, because he never could start up again. His capital investment includes his home, which must kept going somehow, some way.

**THE INFLATED DOLLAR MUST BE DEFLATED**

Second. The farmers must be rescued from the entanglements of their financial obligations, as well as the debtor class generally. They should be placed in a position where they will be able to pay with the same quantity of purchasing power which they received when they incurred their obligations, and this will insure the payment of debts which otherwise can never be paid.

The purchasing power of the dollar must be deflated to an equality with the purchasing power of "all commodities" of the people. In other words, the purchasing power should be stabilized on the basis of the 784 "all commodities."

Now, just what do I mean by this? To illustrate: Over a period from 1921 to 1929 the financial authorities find that the purchasing power of "all commodities" for the average year, say, 1928, was fairly well stabilized on a living basis for all classes. Suppose a farmer borrowed \$5,000 during that year. He received a purchasing power of \$5,000, equal to the purchasing power of that amount in the "all commodities." But to-day, when he is required to meet the obligation, he must pay in "all commodities" a purchasing power of \$10,000. This shows the gross injustice of the fluctuating dollar and what it has done to the farmers of the country with their mortgage indebtedness of \$9,500,000,000.

The 1932 dollar, in terms of what it will buy, is worth \$1.50. Every dollar in taxes, interest, and other fixed charges has become a dollar and a half. The farmer is even worse off than that when compelled to pay in his own products. The farmer's dollar of debt, taxes, and farm implements has become \$1.60 in farm products with which he must pay.

A cream separator that cost the farmer 87 bushels of wheat in 1929 to-day costs him 268 bushels; a grain drill that cost him 137 bushels of wheat in 1929 costs him 450 bushels in 1932; a corn planter cost him 73 bushels of wheat in 1929, but to-day it costs him 250 bushels, more than three times as much! And other prices are in proportion. The Department of Justice should prosecute the monopoly in farm implements and repairs for violation of the antitrust law and thus put a stop to the unblushing, daylight robbery of the farmers being compelled to purchase implements and repairs.

A similar situation applies to the wage earners paying the loans on their homes. In fact, it applies to all who are included in the debtor class generally. When we borrowed the purchasing power of the money, and that is all we borrow,



we expected to pay an equal amount of purchasing power to cancel the obligation, but now we are called upon to pay \$1.50 purchasing power for the \$1 we received. What does this show? It shows the imperative need of a deflated dollar, an honest dollar, a stabilized dollar.

#### THE TARIFF MUST BE MADE EFFECTIVE ON THE BASIC FARM CROPS

The third proposal to restore the purchasing power of farm products is to make the tariff effective on the basic crops of which we produce a surplus. This was embodied in the Norbeck bill which passed the Senate in the closing days of the session, but was recalled and recommitted. With a few amendments, I introduced a similar bill in the House, where it is now pending before the Agricultural Committee.

#### THE GARBER BILL WOULD GIVE THE BENEFITS OF THE TARIFF DIRECT TO THE FARMERS

The bill would make the tariff immediately effective on that portion of wheat and cotton used for domestic consumption, payable direct to the farmer at the time he sells his products. The Secretary of Agriculture would be required to proclaim the percentage of the year's production used in domestic consumption. If the Secretary proclaimed that 75 per cent of the wheat would be used for such purpose, upon satisfactory proof the producer, when he sold, would receive the market price and in addition an adjustment certificate of 42 cents per bushel on the 75 per cent used for home consumption. The certificate would be redeemable at any of the fiscal agencies of the Government within 30 days.

A farmer selling 1,000 bushels of wheat would receive the market price for all of it. The bill would not fix the price; but, in addition to the market price, the farmer would receive an adjustment certificate on 750 bushels at 42 cents per bushel, representing the tariff, increasing the total amount received \$315. In the direct benefits of the tariff at the time of selling the grain, the farmers of Oklahoma would have received approximately an additional \$21,000,000 for this year's crop and the wheat growers of the entire country approximately \$281,000,000 additional, or on the total of the two crops in excess of \$600,000,000. These estimates, of course, do not take into consideration the resultant increased prices received by the producers on all their farm products.

In order to raise the money to pay the tariff in addition to the market price direct to the producer at the time he sells his products, a processing charge would be levied and collected from the miller of 42 cents per bushel on wheat; from the cotton manufacturer, 5 cents per pound on cotton. The processors of these two basic crops would be required to report to the Internal Revenue Department the same as they now are required to report their income taxes. The revenue department would be required to collect such charges and deposit them with the Secretary of the Treasury to the credit of the wheat and cotton adjustment certificate funds to redeem the adjustment certificates issued to the producer at the time he sold his products, less 2½ per cent for administrative charges, which are estimated to be 1 cent per bushel on wheat, one-tenth of 1 per cent on cotton.

#### THE ENACTMENT OF THE GARBER BILL WOULD AFFORD MATERIAL RELIEF WITHOUT ADDITIONAL APPROPRIATIONS

It will thus be observed that the bill would not change existing marketing machinery, would not require additional appropriations, nor any material increase in the cost of Government. It would refund to the processors all charges on the processed product which is exported and permit them to process in bond the same as is now done under the existing tariff law. The farmer would be permitted to process for his own consumption. The processors in turn would add their processing charge to the cost of their product, which in turn would be spread over the consumption of all the people, where it properly belongs.

#### PROSPERITY FOR AGRICULTURE IS THE CORNERSTONE OF ALL PROSPERITY

Loans to railroads, banks, insurance and mortgage companies were perhaps necessary to avoid a complete collapse of our financial structure, and agriculture will receive indirectly benefits from the general relief afforded, but it is too

remote and indirect. Such relief was necessary to loosen up the frozen assets of those institutions. The farmer is entitled to the same consideration. He has frozen assets which must be made liquid. It is more important that a reasonable return be afforded to the furrow in the field than to industry, than to the railroads, than to the banks, than to the insurance companies, for it is the source from whence all prosperity originates.

#### CREATION OF A MARKET—THE INITIAL STEP

There can be no substantial recovery from this depression until a market is created for the products of industry. Capital will not invest in the resumption of operation of mills and factories and the employment of labor without assurance of a market for its products. At the present time such market does not exist, either at home or abroad. A market must be created. To create a market abroad by the appointment of a commission to effectuate reciprocal tariff reductions is the long-time program of the incoming administration. The farmers must have relief now. They can not endure another season of existing ruinous farm prices below the cost of production. The only recourse is to create a market at home and at once. This can only be done by increasing the price of farm products by making the tariff effective on domestic consumption. Restore the purchasing power to the 40,000,000 people living on the farms and in the rural districts of the country and you will have taken the first substantial step toward recovery. You will then enable them to pay their taxes, their interest, and to purchase the products of the mills and factories, giving employment to labor.

A bill making the tariff effective on wheat and cotton should receive immediate consideration. It will receive ample support to pass the House and should be enacted as an emergency measure for a period of two years only. It should be done by this Congress. It is unthinkable that such a bill under existing emergency conditions should not receive the support of the President.

The President elect has substantially recommended such legislation. In his recent contribution upon the subject, Your New National Leadership, he said:

The new leadership intends to go to the heart of the agricultural problem in a realistic way. The basic fact is that the farmers must immediately get a living income from the domestic market. I intend to attack the problem where it is most urgent—in wheat and cotton, for these are the money crops of one-third of our people.

To get a price for these products which will allow the farmers to live they must get a tariff benefit over world prices. This is equivalent to the benefit given by a tariff for industrial products.

An artificial or even a temporary measure to create this benefit for agriculture is justified. The probable restoration of agricultural purchasing power should give opportunity to the Government to square away for legislation permanently to consolidate and protect agriculture as a vital industry. The benefit must be so applied that the increase in farm income will not stimulate overproduction.

With a substantial majority of his party in both Houses of Congress, there can be no reason why such legislation should not be enacted. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD of Georgia. Mr. Chairman, at least three of the proposed farm-relief plans—the equalization-fee plan, the export-debenture plan, and the domestic-allotment plan—are like a merry-go-round; they are expensive, occasion the waste of a lot of valuable time, travel around a circle, and get nowhere. The allotment plan is an improvement over some of the others. It has a temporary partial control of production but no effective control of marketing. Genuine farm relief must provide an effective total control of production and marketing. The allotment plan has many features of the contract system of farm relief for which I have been contending so long; I wish it had more. It seeks to partially control production by a voluntary implied contract system; its benefits to the farmer, though, are too remote, speculative, and problematical.

The contract plan of farm relief sponsored by me provides an effective method of controlling both production and mar-



keting and guarantees to the farmer certain well-defined profitable prices for his products.

The allotment plan contains a very dangerous tax on processed farm products not contained in my plan. The burdens placed on the farmer and the consuming public under the allotment plan are as great as under another plan of farm relief, while the benefits to agriculture are only slightly greater than some of the other plans and do not at all equal the splendid benefits provided by my contract system of controlling production, marketing, and the prices of farm products.

The problems I have just mentioned have been uppermost in my mind for many years, and I pledge myself to fight for a proper solution of them as long as I live unless a real farm-relief measure is passed in the meantime.

The farmers' marketing problem is now overshadowed by the farm-loan-foreclosure emergency, and the two present the most serious farm situation ever faced by the farmer and Congress.

Immediate, drastic, powerful, far-reaching action must be taken if the independent, individual, home-loving farmer is to be saved to bless and perpetuate our form of government.

Many remedies have been suggested; many more will be proposed. I have no trouble, though, in definitely saying what my 14 years' service here and lifelong study of the farmers' problems have convinced me are the real remedies for the farmers' financial troubles. Briefly, here they are: First, an effective contract system of controlling both production and marketing, so that the farmer can control the price of what he sells as fully as others name the price of what they sell to him; second, the elimination of unnecessary middlemen, so that the farmer will get a reasonable share of what the consumer pays for the products of the farm; third, the release from all taxes of a reasonable amount of property for home purposes for each head of a family; fourth, the monetization of first liens on home-occupied farm property in such a way as at all times to insure an ample circulation of fully protected currency, based on and controlled by the actual needs and wealth of the Nation.

Mr. GARBER. Will the gentleman yield?

Mr. LANKFORD of Georgia. I yield to the gentleman.

Mr. GARBER. Would the gentleman favor the committee with an explanation in detail as to what he means by the contract system with reference to agriculture?

Mr. LANKFORD of Georgia. I will be very glad at this time to briefly tell what the plan embraces. I have already discussed the plan rather fully on several occasions heretofore and my allotment of time will not permit a detailed discussion of it now. It simply provides a plan whereby the farmers will contract to allow their production and marketing to be controlled whenever a large percentage of the farmers sign an agreement providing that this system shall go into effect, with the Government on its part insuring and guaranteeing the farmers a fair price for their products.

Mr. GARBER. It would be dependent then upon cooperative action by the farmers?

Mr. LANKFORD of Georgia. Absolutely.

Mr. GARBER. There is nothing compulsory about it?

Mr. LANKFORD of Georgia. There is nothing compulsory about it.

Mr. GARBER. The gentleman has been a student of agriculture here for a number of years and I want to submit a question and would like a frank answer. Has it not been the result of the gentleman's investigations that there is not sufficient cooperation among the farmers of this country now developed to get them into contracts sufficient to control production?

Mr. LANKFORD of Georgia. All depends on the nature of the contract. One reason the farmers can not be easily organized is that so often they have been led to believe that legislation was in their behalf and when they organized under the legislation they found it did not work in that way and that they have been misled. The farmers in this respect are very much like the matter of baiting doves. Quite often down in Georgia hunters put out bait in order to bring the doves in, which is to organize them, and when they get

together the hunters begin to shoot into them. Under these circumstances the doves will not stay organized, and this is true of the farmers. So often we work out some scheme here in Congress to organize the farmers, but in a little while the farmers find they are not getting as much out of the scheme as we promised, and then they will not remain organized and those that have joined the organization get out as soon as possible.

Mr. GARBER. Admitting then that cooperation is impracticable—

Mr. LANKFORD of Georgia. I do not admit it is impracticable.

Mr. GARBER. The gentleman has admitted that to the extent that it would require education.

Mr. LANKFORD of Georgia. I have admitted that the legislation we have passed heretofore under which we have attempted to organize the farmers has been a failure. I have not admitted that a plan such as I have would be a failure.

Mr. GARBER. I think my friend will agree with me that what we need is remedial legislation now.

Mr. LANKFORD of Georgia. Absolutely.

Mr. GARBER. I do not believe the farmers of the country will be able to survive another season of depressed prices such as are existing at the present time.

Mr. LANKFORD of Georgia. We must have some legislation to stop the orgy of loan foreclosure at once. If we do not do this, there will be no need for us to pass the allotment plan or the export-debenture plan or the equalization-fee plan or any other plan for the farmers. Legislation to relieve the present situation must be passed at the present time.

It would be well for us to pass a definite program of farm-relief legislation at the earliest possible moment—emergency legislation to at once take care of the present awful situation and general relief legislation to prevent the recurrence of another such depression in so far as the farmer is concerned.

Mr. GARBER. You can not do it until you secure the cooperation of the farmers. What we need in this emergency now is to make the tariff directly effective on wheat and cotton.

Mr. LANKFORD of Georgia. We need immediate emergency legislation for the farmer, followed by worth-while legislation in all directions for the farmer and the whole country. At this time I wish to devote my time more directly to the problems of the farmer. When we solve the farmer's problems, we go a long way toward bringing back real prosperity to everybody.

When I yielded to my good friend from Oklahoma a few minutes ago, I had just named four farm-relief proposals which I believe to be fundamentally sound and worthy of the most careful consideration of Congress and the country. [Applause.]

Mr. Chairman, these four major proposals, if enacted into law would constitute real farm relief. Of course, there are many other most vital problems, such as transportation, that concern all the people, but these four may be classed as the corner stones of real farm relief in a national way.

All are very vital, but the present awful farm-loan-foreclosure tragedy in the midst of the greatest financial depression of all time, emphasizes and makes absolutely imperative the one dealing with the monetization of farm-real-estate liens. Let us now briefly study this proposal. To begin with, let us remember that what helps the farmer helps everybody. Now, in order to help agriculture, we must either greatly reduce the debts of the farmer by getting part written off or must greatly raise the price of farm products. In fact, Congress must do one or both of these if the farmer is to be saved from absolute destruction. The farmer is not to blame for this situation. The awful truth is he made his debts when farm products were selling for four and five times as much as they are now. He must now pay, if at all, with cotton or tobacco or whatever he produces; he does not have gold.

Under our present system he must pay with gold or paper currency redeemable in gold. Therefore, in order to get gold dollars or the equivalent, the farmer must put up four or five times as much corn, cotton, or tobacco as he thought he had to put up when he borrowed the money. That is, a few years ago he made a debt he could then pay with a certain amount of cotton or tobacco; now it takes more than four times as much of his product to pay the debt as it did when he made it. At the time the farmer got the loan the money he received was worth less than one-fourth of the value of the money he must now use in trying to settle his debts. Even if he has kept his interest paid up to date, his debt now—in view of the price of farm products—is about five times as big as it was when he made it. He is not to blame, but he simply can not pay it. It is not fair or right to try to make him pay it, and Congress is derelict in its duty every time an hour passes without a bona fide effort to remedy this situation. It can be done, and it must be done unless the majority of the Members of this House are determined to waste their time on selfish schemes and quack remedies which will do much more harm than good and, either purposely or through criminal negligence, are perpetrating the atrocities which should condemn them to be justly branded as the greatest traitors of all time.

The farmer is not to blame and should not suffer the loss of all his property because of this awful situation. I admit the loan concerns are not to blame and should be protected if possible, but the awful truth is that the loan people have already suffered their loss, as their loans have already depreciated 50 to 65 per cent. This is why foreclosures are now so unjust. The owner too often is made to lose all he has, the loan concern suffers its loss of one-half to two-thirds of its debt, and some one else with money gets the property at an awful sacrifice.

Our people and their families are being sacrificed on the awful altars of greed and selfishness, while the majority in Congress—Democrats and Republicans—Belshazzar-like, are working with greatest haste to make ready for a bacchanalian feast.

Mr. Chairman, let us turn to this problem of stopping the losses of both borrower and lender; help both to recoup part of their losses and save our farmers. I repeat, it can be done if Congress will do its duty before it is too late.

Mr. Chairman, in order for legislation to effectively stop the present orgy of farm-loan foreclosures, it must provide an agency with sufficient means, ample authority, and definite directions to at once enter into such negotiations and financial transactions in the way of payment of taxes, interest, and otherwise as may be necessary to refinance from the farmers' standpoint the entire amount of the distressed farm-mortgage loans of the Nation. In every case the rate of interest should be reduced to the lowest possible rate necessary in the sale of Government bonds; the principal should be reduced to the amount the particular loan is now worth under present financial conditions, and the payment of the principal of the loan must be for a long term of years. The new rate of interest should not be over 3 per cent, the principal should have one-half to two-thirds of the amount written off, and the loan must be extended for 30 or more years.

In order to secure the refinancing of the farm loans on so satisfactory a basis it will be necessary for the United States Government to either buy outright all the distressed mortgage loans of the country or guarantee the payment of the principal and interest of all loans refinanced with these reductions of principal and interest and for the long term of years.

In order to effectively stop the loan-foreclosure menace Congress must provide for handling the situation directly with the loan concerns and deal with the foreclosure menace collectively and in its entirety.

I condemn as unfair, unworkable, and even criminally vicious any and all proposals to appropriate large sums of money to be delivered to the Federal land banks or any similar institution with a discretion vested in the concerns to use the money as they from time to time determine. I

bitterly fought this sort of thing last January. I was right. The money Congress gave to the Federal land banks has been used in the most selfish manner, and the orgy of loan foreclosures goes ahead, and those who are sucking the life-blood out of the farmers are handling every transaction from the land banks' own selfish, greedy, money-mad standpoint, rather than for the best interest of the farmers. As well tell a freezing, starving man not to worry, there are millions of dollars in gold near where he stands, downstairs in a steel vault of a great bank, as to tell the farmer his foreclosure problem has been solved by millions of dollars—of the farmer's tax money—being graciously handed to the very crowd that are fleecing him and his family. Away with such empty mockery. It only adds fuel to the fire that is so fast destroying the farmers and our Nation.

Now, how will the monetization of farm lands or liens on farm lands help the situation? A plan having been worked out for refinancing the farm loans of the country as a whole, and not separately or by piecemeal, it will become necessary to raise a very large amount of money to handle the whole transaction.

This entire amount of money, amounting to billions of dollars, can not and should not be raised by taxation. It is not necessary that it be raised even by a bond issue or by the Government guaranteeing the payment of the interest and principal of the loans; although this is a thousand times better than the present situation, and can and should be done at once if a better plan is not adopted.

By the monetization of farm liens practically enough money can be issued to pay in whole the full present value of all the farm loans of the country, with the farm liens furnishing an ample and safe base for the new currency. This will result in the end of loan foreclosures, the returning of farm lands already taken over, and a program bringing about more prosperous, happy home-owning farmers than ever before. One-third to one-half of the farmers' real-estate loans will have been written off, and the greatly reduced lien against the farmers' land will be on file in the Treasury of the United States, will draw no interest until the depression is over, and then draw only 1 or 2 per cent, to be paid annually, with the principal to be paid at the end of 30 years.

Of course, at the end of 30 years the farmer could renew the entire amount or increase it if land becomes more valuable. For example, let us see how the plan would work in the case of a \$1,000 loan at 7 per cent where a farmer can not pay the \$70 interest, and the loan company is about to sell his farm for \$600, lose \$470, and cause the farmer and his family to lose their home.

Eight hundred dollars in currency could be issued against this property; the loss to the loan company would be reduced; the farmer would save his home and only owe \$800, due in 30 years, on it, without interest at all or even if interest was collected it would at the outside be only \$16 per year. The money issued on the lien, of course, would go to pay the loan concern.

The farmers' loan problem would be solved; the loan companies would get cash for their distressed long-term loans; long-term loans would become as good as gold; all currency needed for this emergency would be at once put into circulation; the farmer in so far as the issuance of currency is concerned, would have been put on a parity with the bankers and at least one great pressing, tremendous, financial farm problem would have been solved. What argument is there against the monetization of farm lands? They furnish a better base than is now put up by the banks. Money secured by these liens is much safer than Government bonds now issued and backed up by nothing but a promise to pay by our Government.

Banks are now permitted to use as a part of the base for the issuance of their currency negotiable paper not as good as farm liens. Why not let the farmers put up a safer paper as a base for this proposed new currency? Of course, this procedure for the issuance of currency would make the supply of currency dependent upon the wealth and necessities of the country and could not be controlled by one or



two men who hold in the hollow of their hands the financial destiny of our people. This is another reason why I am very much in favor of the plan.

This plan will greatly increase the volume of our currency, will stimulate and raise the price of farm products, help all lines of business, and go very far in forever eliminating many of the evils which caused the present depression. I plead with those who do not like my plan to tell me wherein they feel it is not good and then offer some great big constructive plan that they believe is better.

There are many more reasons why some occupied farm lands should be monetized, but these will suffice for the present.

Mr. SIMMONS. Mr. Chairman, I yield four minutes to the gentleman from Virginia [Mr. LANKFORD].

Mr. LANKFORD of Virginia. Mr. Chairman and gentlemen, several days ago I was in my district and had a conversation with some friends one afternoon. I found they were inclined to be somewhat critical of Congress and what Congress is doing. I said to them, "You have exactly the same opportunity for information that Members of Congress have. You say we are not helping in the national emergency. What have you in mind that we have not done; what suggestions would you give me to take back to Congress?" The group was composed of business men, bankers, farmers—the general average of well-informed men, 15 or 20 of them. After a little debate they were unable to arrive at any solution, but all agreed upon one thing: They said we must be relieved from the crushing burden of taxation. They said Congress ought to reduce taxation so that they could stand it and then they and the country would be able to take care of themselves; that if the Federal Government would set the example it would be followed by the States and municipalities. I promised to deliver their message to Congress.

But that was not the primary purpose for which I arose. I am going to speak of a little lighter subject than that.

When I was practicing law some years ago I had occasion to investigate the question of the transportation of prize-fight films in interstate commerce. I found that it was legal to exhibit them in most of the States, but that it was illegal to transport them from one State to another.

I think that is an oversight and should be corrected. Of course, it is not vital, but the people should be relieved from such restrictions and not have the Government touch or restrict them in so many different places. The least governed are the best governed, I believe.

I have introduced a bill (H. R. 12899) which is pending before the Interstate and Foreign Commerce Committee which I hope will have the favorable consideration of the Members. It amends sections 404, 405, and 406 of title 18, United States Code of Laws, and will remove these prize-fight films from this foolish restriction and make it legal to transport them from one State to another, so that they may be exhibited where it is now legal to exhibit them.

Thousands of people like to see these films; and if legal to show them, why should their transportation in interstate commerce be a criminal offense?

Mr. Chairman, I yield back the balance of my time.

Mr. SUMNERS of Texas. Mr. Chairman, as time goes on, whether we live in the city or in the country, we shall come to appreciate the key position which agricultural depression occupies in our present difficulties. We probably have gone about the matter in the wrong way. We should agree first on the principles involved, just as diplomats and other people attempt to agree when they undertake to make progress. I would say that the first question that presents itself is this: Do the economic difficulties of agriculture lie at the bottom of our general difficulties? One of the reasons why we have not been able to agree on procedure is that every time a proposition is put on the table and the business people of the city recognize that something has got to be given up, they balk. I do not want to stir up any row. That is the last thing we need. If I may be permitted to say a word, not in criticism, industry during this crisis has been captured largely by men who have not seen one inch beyond

the end of their noses. Think of them telling the people that everything would be all right just around the corner when we were going head on full steam for the rocks. How in the name of common sense anybody in any business in any city could imagine or can imagine that he can open up his factory and put his idle people to work unless these thirty-odd million farmers can buy, I can not understand. One of two things has to happen, no use deceiving ourselves: Either labor and commodities, professional services, rents, and everything else in the city have got to come down to the level of 8-cent oats and 5-cent cotton and 15-cent corn, or we have to lift these prices up until trade contact is established with city prices. That is all there is to it. It does not make any difference what is required, that has got to happen. Credit is all right in its place, but the thing, the big thing, that is the matter with us now is not lack of credit or of anything else—it is a paralysis of the economic circulatory system of this country. Things are not moving. How much city production can be moved with 15-cent corn? If we agree on a few of those fundamental facts, then it seems to me that we could begin to make progress.

I meant to make some reference to some recent editorial criticism of the effort of myself and other gentlemen and some ladies to form a sort of forum to study those questions. Unfortunately publicity has been given to the fact, and it has been called a bloc. I am going to make some statements respecting that, but not at this time.

These criticisms of the character of efforts that are being made to do something for agriculture would be sound, provided we were living in a state of nature economically. The statement that agricultural prices are controlled by the law of supply and demand as a dependable agency of economic justice is a perfectly ridiculous statement. The law of supply and demand has penalties as well as rewards. The farmers are denied the rewards of the law of supply and demand and are paying its penalties. I can not cover that now. One of the recent editorials referred to the efforts to do something for agriculture as putting a sales tax on bread. It is a very remarkable thing that they can not see that the tariff puts a sales tax on the products of the factory which the consumers have to pay. That is what it is for. That is all right, according to these city critics. They will not trust the law of supply and demand here. Mr. Lincoln announced a great truth when he said that this country could not be half slave and half free, and by the same token it can not be economically half slave and half free, half protected and half free trade. But these wheat farmers are not even free trade. They are below free trade. If they could buy where they sell that would be free trade, but this Government forces them to bring their sales money from the world markets and buy from their tariff-boosted brethren.

Gentlemen of the cities, we have reached the end, we have been bleeding agriculture to boost these enormous abnormal industrial developments, while the farmers have been bleeding the soil. They have reached the Pacific Ocean. Both have been bled white. You will have to give back to these farmers arbitrarily what you take from them arbitrarily. If you were pumping the lifeblood out of a man prostrate on the street, pumping it into some one else as we are doing to these farmers, pumping it into the beneficiaries of the tariff, and some one came along and said, "Leave that person being bled to the laws of nature, nature will take care of him," everybody would know that he was a fool. If somebody looks wise and proposes such an absurd thing for these farmers he is classed as a profound economist. Yet we know that these producers of exportable surpluses have no share in the tariff system. I am not speaking in prejudice here. I come from no mean city myself, but we city people have to recognize that if we would put our idle men to work, we have to give these farmers a chance to buy. That is all there is to it. The city people who manufacture do not seem to realize that they are living off the bounty which this Government forces these farmers and others to pay. What is the tariff but a bounty; and what is the tariff boost in the sale price but a sales tax which people have to pay? I am not now criticiz-

ing that as an institution. Is it not strange? Here is a people who all of their lives have been getting a bounty from the Government, and when you attempt to give back to these farmers that which is taken from them by act of government, to pay this bounty so that they can buy the products of the factory, then these city people begin to talk about the law of supply and demand controlling prices. Suppose the thing were reversed. Suppose the manufacturer were forced to sell in the cheapest market, as these farmers are, and then would have to come back here and pay a premium to farmers, how long could they last? Do you think they would be willing to trust the law of supply and demand? How long could anybody last doing things like that? The remarkable thing is that we have not broken long before now. I do not want to be an alarmist, but we can not keep up this discrimination, this credit panacea business much longer. We have been trying to cure the situation in which we find ourselves by doing the silliest things that sensible persons could do to correct an economic situation such as we have, namely, by loaning more money to people who now owe more than they can pay. Railroads need freight. We need circulation.

The Government is running \$2,000,000,000 behind. Practically the only people who are paying any dividends in America to-day are a few big corporations, who are paying the dividends out of accumulated surplus. There is a paralysis of the circulatory system. How do you expect that the economic blood from the farmers of this country can come back in sufficient quantities to give life and vigor to your city industries when you are putting into their veins receipts from 8-cent oats, 5-cent cotton, and other things in proportion? How can you expect to keep your factories operating and put your people to work in that way? This is what I say, gentlemen of the cities, people who would open your factories and put people to work, as long as the protective tariff system is maintained, which is an abnormal, arbitrary booster of prices, which boost agricultural producers of exportable surpluses must pay, you must give back arbitrarily to these farmers that something which is taken away arbitrarily, so that they can buy. We can not do that unless you men go back to your city people and tell them that agriculture is the root of the tree, unless you go back to your people and say to them, "If you want to maintain the tariff structure, we have to reverse the operation of the tariff system and make it effective on these wheat farmers and corn farmers of the West."

When the historian writes the story of this crisis I am afraid he will write that we gave to this crisis the lowest order of applied intelligence that ever a people gave under similar circumstances, and I am not talking about Democrats or Republicans either. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BUCHANAN. Mr. Chairman, the debate having been concluded, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MONTAGUE, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 13872) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1934, and for other purposes, had come to no resolution thereon.

#### CALENDAR WEDNESDAY

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday be dispensed with to-morrow.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. GOSS. Reserving the right to object, Mr. Speaker, we have passed up four of these Calendar Wednesdays. Many of us have bills on that calendar that we would like to have considered. I shall not object this time, but next week

I will probably feel constrained to object, so that these bills may be reached on that calendar.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. RUDD, indefinitely, on account of illness.

To Mr. BLAND, indefinitely, on account of illness.

To Mr. CURRY, for three days, on account of illness.

To Mr. WELCH, for one week, to attend a funeral.

To Mr. NIEDRINGHAUS (at the request of Mr. COCHRAN of Missouri), on account of illness in his family.

To Mr. SWICK (at the request of Mr. DARROW), for the balance of the week, on account of illness.

To Mr. LAMBETH, for one week, on account of illness in family.

To Mr. PATMAN (at the request of Mr. JOHNSON of Texas), indefinitely, on account of illness in family.

To Mr. SHOTT (at the request of Mr. BACHMANN), indefinitely, on account of illness.

To Mr. GOODWIN (at the request of Mr. CLAGUE), indefinitely, on account of illness.

To Mr. SHANNON, for the balance of the week, on account of critical illness in his family.

To Mr. CONNERY, for one week, on account of illness in his family.

To Mr. MEAD, for three days, on account of attendance at funeral.

To Mr. RANKIN, indefinitely, on account of illness.

To Mr. GIBSON, indefinitely, on account of illness.

To Mr. JOHNSON of Washington, for one week, on account of illness.

To Mr. CLANCY, indefinitely, on account of illness.

#### AN EXPRESSION OF APPRECIATION

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the gentleman from North Carolina [Mr. ABERNETHY] may extend his remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. ABERNETHY. Mr. Speaker, I wish to take this opportunity to express my appreciation to my friends in North Carolina, as well as to my colleagues in Congress, for the many expressions of good will and for their many individual acts of personal consideration for me during my long illness.

In the Democratic primary I was renominated by a flattering vote, and in the general election I was returned to Congress by the largest majority of my career.

There are no tokens of worldly wealth as priceless as true friends. The smiles I have seen on the faces of my friends who greeted me on my return to my office here in Washington have repaid me many times for my long indisposition.

The short session of Congress has important work ahead, and I hope that the much-needed general relief legislation can be completed. I feel, however, that the great work of reconstruction will come with the new administration. I propose to continue my fight for the welfare of the many as against the favoring of the few.

Foreign debts are just one of the many problems that the next administration must face. Consideration must be given to the pressing needs of agriculture, to the problems of our soldier boys, to general relief legislation, and, in fact, to any remedial measures that will not be completed at this short session.

During the past I have kept in close touch with the people of my district. I desire that my constituents continue to write me concerning their problems, either personal or of a general nature. I will always take pleasure in trying to help whenever I am able to do so. A continuation of these contacts will enable me to better serve my district, State,



and Nation. I hope that I shall continue to merit the confidence and trust that has heretofore been reposed in me.

#### LEAVE OF ABSENCE

Mr. McDUFFIE. Mr. Speaker, I am requested to ask leave of absence for an indefinite period for my colleague the gentleman from Alabama, Mr. HILL, and my colleague the gentleman from Alabama, Mr. STEAGALL, on account of illness in their families.

The SPEAKER. Without objection, it is so ordered. There was no objection.

#### SENATE BILLS REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 4972. An act granting the consent of Congress to the State of Georgia to construct, maintain, and operate a highway bridge across the Savannah River near Lincolnton, Ga., and between Lincolnton, Ga., and McCormick, S. C.; to the Committee on Interstate and Foreign Commerce.

S. 5059. An act to extend the time for completion of a bridge across Lake Champlain at or near Rouses Point, N. Y., and a point at or near Alburgh, Vt.; to the Committee on Interstate and Foreign Commerce.

S. 5148. An act authorizing the Secretary of Agriculture to adjust debts owing the United States for seed, feed, and crop-production loans; to the Committee on Agriculture.

S. 5183. An act granting the consent of Congress to the Board of County Commissioners of Allegheny County, Pa., to construct, maintain, and operate a toll bridge across the Monongahela River between the city of Pittsburgh and the borough of Homestead, Pa.; to the Committee on Interstate and Foreign Commerce.

S. J. Res. 220. Joint resolution authorizing the Secretary of the Navy to sell obsolete and surplus clothing at nominal prices for distribution to the needy; to the Committee on Naval Affairs.

#### ENROLLED JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 527. Joint resolution extending the time for filing the report of the Joint Committee to Investigate the Operation of the Laws and Regulations Relating to the Relief of Veterans.

#### JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did, on December 23, 1932, present to the President for his approval a joint resolution of the House of the following title:

H. J. Res. 500. Joint resolution authorizing the Secretary of the Navy to sell obsolete and surplus clothing at nominal prices for distribution to the needy.

#### ADJOURNMENT

Mr. BUCHANAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 54 minutes p. m.) the House adjourned until to-morrow, Wednesday, December 28, 1932, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. JONES: Committee on Agriculture. House Joint Resolution 529. A joint resolution authorizing the Secretary of Agriculture to make loans for crop production, and for other purposes; without amendment (Rept. No. 1810). Referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOWARD: A bill (H. R. 13916) to amend the act of March 3, 1885, entitled "An act providing for allotment of lands in severalty to the Indians residing upon the Umatilla Reservation, in the State of Oregon, and granting patents therefor, and for other purposes"; to the Committee on Indian Affairs.

By Mr. CULKIN: A bill (H. R. 13917) declaring the policy of the United States with respect to irrigation and reclamation; to the Committee on Irrigation and Reclamation.

By Mr. CHAVEZ: A bill (H. R. 13918) to extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law," approved April 1, 1932; to the Committee on Irrigation and Reclamation.

By Mr. KELLY of Pennsylvania: A bill (H. R. 13919) to provide sick leave for employees of mail-equipment shops; to the Committee on the Post Office and Post Roads.

By Mr. COCHRAN of Missouri: Resolution (H. Res. 334) disapproving Executive orders incorporated in House Document No. 493, Seventy-second Congress, second session; to the Committee on Expenditures in the Executive Departments.

By Mr. HOWARD: Resolution (H. Res. 335) requesting information as to the activities of the Reconstruction Finance Corporation from February to July, 1932, inclusive; to the Committee on Banking and Currency.

By Mr. LaGUARDIA: Joint resolution (H. J. Res. 530) to aid the balancing of the Budget, establish a conscionable rate of interest, and to place capital on a 5-day-week basis; to the Committee on Ways and Means.

By Mr. DAVIS of Pennsylvania: Joint resolution (H. J. Res. 531) declaring Armistice Day to be a legal public holiday; to the Committee on the Judiciary.

By Mr. McCORMACK: Joint resolution (H. J. Res. 532) to exclude certain temporary employees from the operation of the economy act; to the Committee on Expenditures in the Executive Departments.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H. R. 13920) granting an increase of pension to Fidelia Suggs; to the Committee on Invalid Pensions.

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 13921) granting a pension to Lois Malinda Zahniser; to the Committee on Invalid Pensions.

By Mr. CULKIN: A bill (H. R. 13922) granting an increase of pension to Alwilda E. Seymour; to the Committee on Invalid Pensions.

By Mr. DYER: A bill (H. R. 13923) granting a pension to Fannie Otto; to the Committee on Pensions.

By Mr. EVANS of California: A bill (H. R. 13924) for the relief of Laird Warrington; to the Committee on Naval Affairs.

By Mr. KENDALL: A bill (H. R. 13925) granting a pension to Florence May Wilburn; to the Committee on Invalid Pensions.

By Mr. KOPP: A bill (H. R. 13926) granting a pension to John B. Gorgas; to the Committee on Pensions.

By Mr. MONTAGUE: A bill (H. R. 13927) to release the principal and surety on the bond executed by Robert T. Barton, jr., general chairman of the Forty-second Annual Confederate Reunion; to the Committee on Military Affairs.

By Mr. PESQUERA: A bill (H. R. 13928) for the relief of Maria Miro Menéndez; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9221. By Mr. CHINDBLOM: Petition of Louisa Varley, of Wilmette, and 12 other citizens of Wilmette and Winnetka, Ill., urging the passage of the stop-alien-representation amendment to the Constitution (H. J. Res. 97); to the Committee on the Judiciary.

9222. By Mr. CONDON: Petition of Louis Cabana and 202 other citizens of Rhode Island, protesting against any repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9223. Also, petition of Raymond A. Kern and 92 other citizens of Rhode Island, protesting against any repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9224. Also, petition of Eugene Lemoi and 201 other citizens of Rhode Island, protesting against the repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9225. By Mr. CULLEN: Petition of the Hudson Detachment, of Jersey City; Captain Burwell H. Clarke Detachment, of Newark; and the Bergen County Detachment, of Hackensack, State of New Jersey; and the New York Detachment, No. 1, in joint conference assembled in Brooklyn, N. Y., on December 12, 1932, strenuously opposing the attempt on the part of Congress to further reduce the personnel of the United States Marine Corps, in that such reduction will completely disrupt the efficiency of the corps; to the Committee on Military Affairs.

9226. By Mr. GARBER: Petition of the Ladies' Society of the Brotherhood of Locomotive Firemen and Enginemen, Enid, Okla., indorsing House bill 10023, providing for retirement insurance; to the Committee on Ways and Means.

9227. Also, petition of the Brotherhood of Locomotive Engineers at their Southwestern Union meeting on October 27, 1932, urging sufficient appropriation to maintain standard bureau of locomotive inspection safety and appliances and hours of service that they may be maintained at their full capacity and held intact in their entirety; to the Committee on Ways and Means.

9228. Also, petition urging enactment of railroad pension bills, H. R. 9891 and S. 4646; to the Committee on Interstate and Foreign Commerce.

9229. Also, petition urging support of the railroad pension bills, H. R. 9891 and S. 4646; to the Committee on Ways and Means.

9230. By Mr. HANCOCK of New York: Petition of J. A. Cunningham and other residents of Syracuse, N. Y., favoring the stop-alien amendment to the Constitution; to the Committee on the Judiciary.

9231. Also, petition of Rev. Clarence C. Watson and other residents of Cortland County, N. Y., favoring the stop-alien amendment to the Constitution; to the Committee on the Judiciary.

9232. By Mr. HARLAN: Petition of Howard H. Mann and a number of other residents of Dayton, Ohio, favoring inflated currency being distributed by earning; to the Committee on Banking and Currency.

9233. By Mr. HOOPER: Petition of residents of Coldwater, Mich., favoring passage of stop-alien-representation amendment to the United States Constitution; to the Committee on Immigration and Naturalization.

9234. By Mr. PARSONS: Petition of Louie J. Gaskins and other citizens of Saline County, Ill., urging an increase in the purchasing power of the masses as a means to break the depression and restore prosperity; to the Committee on Labor.

9235. By Mr. JOHNSON of Missouri: Petition concerning the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

9236. By Mr. JOHNSON of Texas: Telegrams from Claude C. Wild, of the Independent Petroleum Association of Texas, and Danciger Oil & Refining Co. of Texas, Fort Worth, Tex., opposing House bill 12076; to the Committee on Rules.

9237. By Mr. KELLY of Pennsylvania: Petition of citizens of McKeesport, Pa., favoring the stop-alien-representation amendment to the United States Constitution; to the Committee on Immigration and Naturalization.

9238. By Mr. LAMNECK: Petition of Mrs. S. J. Fickel, president, and Mrs. Harry Sammons, secretary, Woman's

Home Missionary Society, Westerville, Ohio, petitioning Congress to enact a law which will establish a Federal motion-picture commission, and for other purposes; to the Committee on Interstate and Foreign Commerce.

9239. By Mr. MILLARD: Resolution presented by request and passed by the Alan F. Waite Post, No. 299, of the American Legion, Yonkers, N. Y., indicating that 93 per cent of its members are opposed to the immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

9240. By Mr. MILLIGAN: Petition signed by 603 citizens of Marceline, Mo., protesting against the modification of the Volstead Act or the repeal of the eighteenth amendment of the Constitution; to the Committee on the Judiciary.

9241. By Mr. NIEDRINGHAUS: Petition of 42 citizens of St. Louis, Mo., protesting against the passage of any measures providing for the manufacture of beer or the nullification of the Constitution, and against any proposal to repeal the eighteenth amendment; to the Committee on the Judiciary.

9242. By Mr. PARKER of Georgia: Petition of Donnie Warnock and 29 other citizens of Stilson, Ga., deploring vote against repeal of the eighteenth amendment; to the Committee on Ways and Means.

9243. By Mr. SPARKS: Resolution of banks of Logan-Wallace County Bankers Association of Kansas and customers of those banks, submitted by the First National Bank of Oakley, Kans., and signed by 21 banks and 280 customers of those banks belonging to the Logan-Wallace County Bankers Association of Kansas, favoring the repeal of the portion of the revenue act pertaining to the 2-cent tax on bank checks; to the Committee on Ways and Means.

9244. By Mr. STRONG of Kansas: Petition of citizens of Junction City, presented by Robert M. Hay, president of the Civic Service Club of Geary County, and Mrs. Robert M. Hay, president of the B. S. S. of the First Methodist Episcopal Church of Junction City, all of the State of Kansas, favoring passage of the stop-alien-representation amendment to the Constitution to count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

## HOUSE OF REPRESENTATIVES

WEDNESDAY, DECEMBER 28, 1932

The House met at 12 o'clock noon.

Rev. Clifford H. Joep, pastor of the Ninth Street Christian Church, Washington, D. C., offered the following prayer:

Divine Father, we thank Thee for the privileges of a new start. As this week closes its grave walls over the journey and experiences of the past year, we shall lay all our mistakes and all our heartaches at the door like a shabby old coat, never to be put on again. We shall not leave off those finer and nobler traits which partake of Thyself, O God, and which have made this Nation great, but our regrets and failures shall not enter the land of beginning again.

Through all the days of our life, Father, glorify Thyself in us as Thou art transforming the rain into roses.

May Thy spirit rule in this Chamber to-day and Thy divine favor rest upon all service rendered the people of the United States.

In the spirit of our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

### ELECTORS OF PRESIDENT AND VICE PRESIDENT

The SPEAKER. The Chair lays before the House the following communication:

DEPARTMENT OF STATE,  
Washington, December 22, 1932.

The Hon. JOHN NANCE GARNER,  
Speaker of the House of Representatives.

SIR: I transmit herewith pursuant to the provisions of the act of Congress approved on May 29, 1928 (45 Stat. 945), copies of the certificates of final ascertainment of electors for President and